City Service Area

Strategic Support

SAN JOSE
FIRE DEPT.

Mission: *To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects*

Primary Partners

Finance

General Services

Human Resources

Information Technology

Public Works

Retirement Services

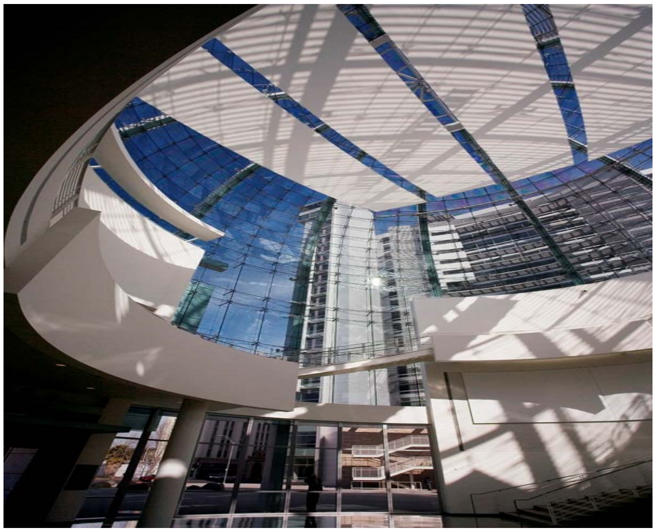
CSA OUTCOMES

- ☐ A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- ☐ Safe and Functional Public Infrastructure, Facilities and Equipment
- ☐ Effective Use of State-Of-The-Art Technology
- ☐ Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Strategic Support

Expected Service Delivery

- Oversee the City's capital projects, ensuring on-time and on-budget delivery of facilities that meet both customer and City staff needs.
- Maintain City facilities, equipment, and vehicles.
- Attract and retain qualified employees.
- Ensure that the City's finance and technology resources are protected and available to address the short and long-term needs of the community.
- Manage the City's real property assets.



Impacts of Budget Actions

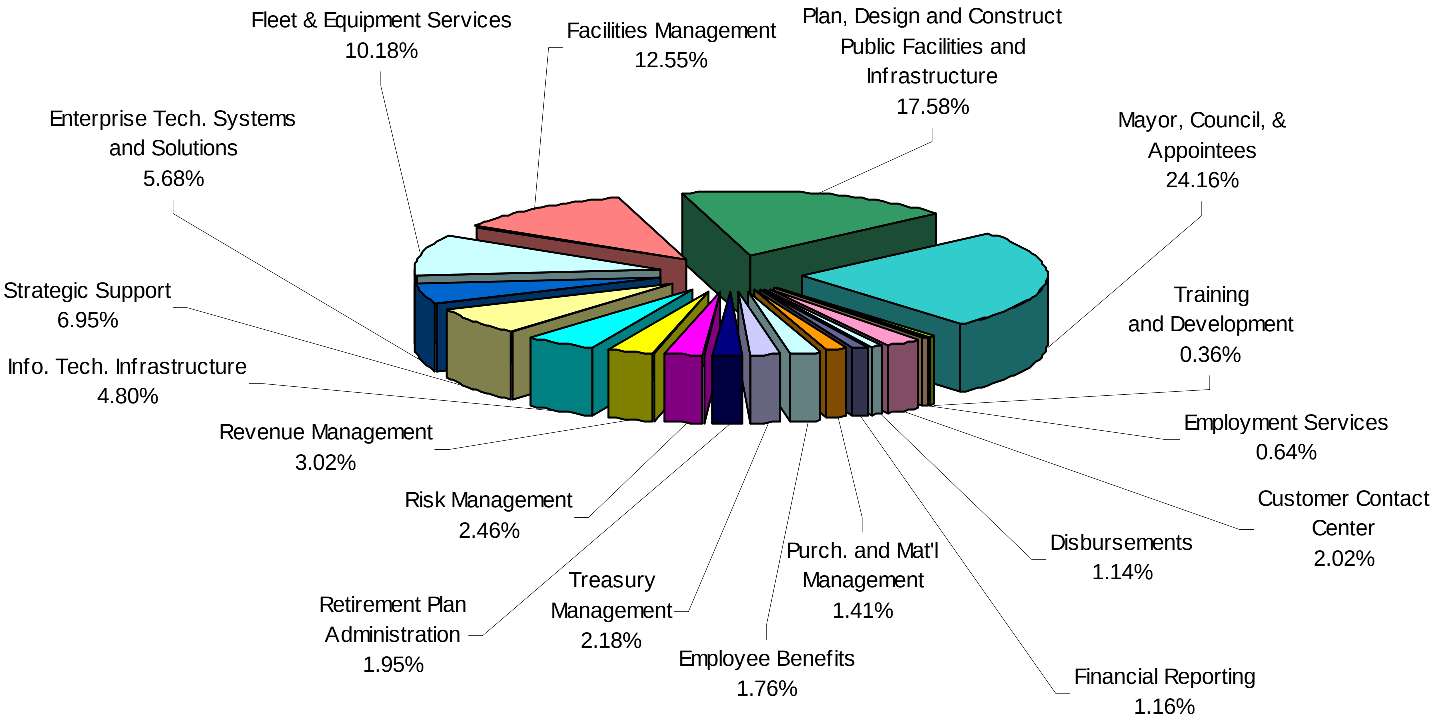
- The planned multi-year phased consolidation of information technology services to begin in 2010-2011 authorizes the Technology Leadership Council (TLC) to consolidate enterprise (city-wide) functions, beginning with database administration, achieve operational efficiencies, and reduce duplicative resources throughout the organization. Expected impacts include cost-savings through standardization of database systems, reduction and/or elimination of duplicative resources or redundant systems, reduction of licensing fees and hardware replacement costs, and migration of disparate and aging systems to single, more modern platforms.
- A reduction in capital staffing in the Public Works Department reflects the approaching completion of the Airport and bond program construction projects. The staffing reduction will bring the Department in-line with projected capital activity.
- The increased decentralization of procurement activity through the expanded use of Procurement Cards (P-Card) coupled with staffing reductions in the oversight of the P-Card program requires a policy change for executive management review of all P-Card transactions.
- The addition of Investment Advisor consulting services in conjunction with technology enhancements will enable the Investment Program to streamline operations.
- The recent transition to a new banking services provider for the City will enable the Finance Department to continue streamlining treasury operations and offer banking efficiencies city-wide.
- The continuation of the employment service delivery model will right-size the amount of resources needed to perform recruitment, under direct Human Resources Department supervision, maintaining customer-focused strategic support service.
- A reduction of $800,000 (from a total allocation of $1.0 million) in vehicle replacement funding for non-public safety vehicles in 2010-2011 as well as an ongoing reduction of $200,000 to achieve cost savings was approved. Replacement priority will be given to vehicles that are critical to program service delivery needs and are in danger of failing.
- A decrease in facilities management resources, including reductions to custodial services, facilities maintenance, and City Hall security will result in degraded building conditions and decreased security presence at City Hall.
- A service delivery model change for facilities maintenance was approved through the elimination of in-house custodial staff and replacing those services with contracted custodial services at various facilities, including City Hall and Police Department buildings.

Strategic Support (Cont'd.)

Impacts of Budget Actions (Cont'd.)

- ☐ A reduction in fleet maintenance resources will result in less preventive maintenance and increased cycle times to perform corrective maintenance on the City's non-public safety fleet.
- ☐ To achieve savings in the public safety fleet replacement program, an extension in the replacement cycle time of police cars was approved. Current utilization, maintenance history, and component reliability indicates that extending the replacement criteria for both the marked and unmarked fleet will not result in measurable performance impacts.

2010-2011 Total Operations by Core Service



City Service Area

Strategic Support

BUDGET SUMMARY

City Service Area Budget Summary

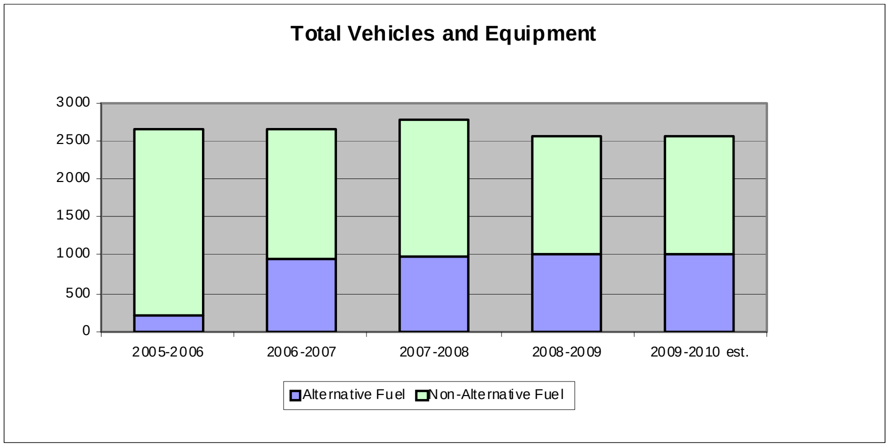
Dollars by Core Service	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Finance					
Disbursements	$ 2,074,136	$ 1,760,478	$ 1,828,913	$ 1,779,143	1.1%
Financial Reporting	1,875,673	1,859,806	1,968,736	1,795,208	(3.5%)
Purch. and Mat'l Management	2,725,282	2,428,047	1,985,278	2,203,933	(9.2%)
Revenue Management	4,858,034	5,098,751	5,153,987	4,808,283	(5.7%)
Treasury Management	3,157,163	3,513,586	3,935,413	3,449,526	(1.8%)
Strategic Support	926,850	906,631	1,138,958	1,029,338	13.5%
General Services					
Facilities Management	17,336,647	21,087,306	22,313,857	19,718,497	(6.5%)
Fleet & Equipment Services	18,488,187	18,076,600	17,581,981	16,204,142	(10.4%)
Strategic Support	1,085,982	1,153,753	1,223,612	1,033,125	(10.5%)
Human Resources					
Employee Benefits	2,026,031	2,844,200	2,345,804	2,890,926	1.6%
Employment Services	1,186,996	1,228,148	1,340,739	1,021,727	(16.8%)
Risk Management	4,579,483	4,760,477	4,808,651	4,077,039	(14.4%)
Training and Development	567,412	657,643	526,930	528,834	(19.6%)
Strategic Support	1,080,480	1,003,150	1,074,274	930,787	(7.2%)
Information Technology					
Customer Contact Center	N/A	N/A	3,531,549	3,236,727	N/A
Enterprise Technology Systems & Solutions	11,149,013	12,153,115	9,570,546	8,966,728	(26.2%)
Info. Technology Infrastructure	7,839,311	8,397,461	8,659,850	8,003,105	(4.7%)
Support Departmental Technology Services	1,671,162	1,471,821	0	0	(100.0%)
Strategic Support	1,255,051	1,074,415	966,569	970,357	(9.7%)
Public Works					
Plan, Design & Construct Public Facilities & Infrastructure	33,326,843	30,252,521	31,796,411	29,435,663	(2.7%)
Strategic Support	10,588,326	7,127,729	6,674,928	5,813,177	(18.4%)
Retirement Services					
Retirement Plan Administration	3,146,105	3,952,688	3,104,440	3,126,044	(20.9%)
Strategic Support	267,823	273,498	1,352,958	1,282,410	368.9%
Subtotal	**$ 131,211,990**	**$ 131,081,824**	**$ 132,884,384**	**$ 122,304,719**	**(6.7%)**
MAYOR, CITY COUNCIL, AND APPOINTEES	**$ 41,385,175**	**$ 43,106,907**	**$ 43,744,750**	**$ 41,199,562**	**(4.4%)**
Other Programs					
City-Wide Expenses	48,631,981	$ 43,201,632	$ 27,277,844	$ 42,250,282	(2.2%)
Gen.Fd Cap, Trans & Reserves	29,163,289	93,206,700	55,723,539	89,566,190	(3.9%)
Subtotal	**$ 77,795,270**	**$ 136,408,332**	**$ 83,001,383**	**$ 131,816,472**	**(3.4%)**
Total Strategic Support	**$ 250,392,435**	**$ 310,597,063**	**$ 259,630,517**	**$ 295,320,753**	**(4.9%)**
Authorized Positions	**1,046.61**	**1,059.45**	**1,029.60**	**924.22**	**(12.8%)**

Service Delivery Accomplishments

- During 2009-2010, Information Technology staff completed all technology components necessary for the opening of the Happy Hollow Park and Zoo. In addition, staff completed the South San José Police Substation fiber connectivity project and continues to work with the Police Department on an analysis of technology needs to open the Substation.
- Fiber connectivity is complete for 55 South Market Street (Mae West Data Center) and the Information Technology Department is working with vendors on price options for the most cost-effective internet service.
- The Storage Area Network (SAN) project is complete, resulting in a reduction of 27 file servers. Benefits of this project include: consolidation of duplicative services, streamlining of critical functions, future cost avoidance of equipment replacements, significant improvements to the allocation of storage for enterprise services, and improvement of business continuity in the event of a disaster.
- The Customer Contact Center handles approximately 325,000 calls annually regarding a variety of topics including utility services and billing and general information inquiries from residents and other City departments. Customer Contact Center staff also process approximately 15,000 web self-service requests and emails from residents per year and operate two service areas in City Hall (the main lobby Information Desk and a lobby cashiering window for walk-in residents and visitors).
- The Integrated Billing System (IBS) provides City staff with management tools to oversee annual revenues approaching $250 million. In 2009-2010, efforts included the second Zero Waste Pilot Program, which went live on March 1, 2010, provision of data for solid waste hauler contract negotiations, activities associated with approximately 900 households recently annexed in May 2010, configuration and development work required for the Municipal Water Conservation Program, and migration of the IBS platform to run less expensive hardware.
- The Financial Management System (FMS) has been in use for over 20 years in the City, and Information Technology staff is tasked with the responsibility of maintaining the viability of this system.
- Major reforms designed to streamline the procurement process were approved by the City Council in April 2010. It is expected that after implementation, improvements in cycle times will be realized.
- The Finance Department coordinated a major contract re-negotiation initiative designed to reduce costs on existing purchase orders and agreements. Through these efforts, up to $2.6 million of cost avoidance and savings are identified for all funds for 2009-2010 and 2010-2011.
- In May 2009, the City Council approved a new general banking service provider for the City of San José. The City has not transitioned banking services since 2000 and the advent of banking-related technologies since that time has created multiple opportunities for cash management efficiencies city-wide. Outcomes include faster recognition of revenues, increased security, reduction in manual processes, and expansion of electronic payment platforms. Transitions in general banking, merchant card, and lockbox services were completed in June 2010.
- The major construction projects at the Airport will be completed on schedule and within budget.
- Substantial progress on the Library, Parks, and Public Safety Bond programs were achieved in 2009-2010. Construction was completed on East San José Carnegie Library, Santa Teresa Branch Library, and Kirk Community Center.

Service Delivery Accomplishments *(Cont'd.)*

- Other capital improvement project accomplishments include:
    - Winning a LEED Gold Level Certificate from the U.S. Green Building Council for the Roosevelt Community Center project on December 21, 2009;
    - Happy Hollow Park and Zoo - Zoo and Attractions (Phase IIA) receiving the Sapphire level award from the International Partnering Institute to acknowledge the collaborative efforts of partnership between contractors and the City and fostering a team-based relationship;
    - Building improvements and mitigation on the existing Environmental Services Building from a "Sick" building to one qualified for the LEED Silver Certification; and
    - Santa Clara Street Green Mobility Sidewalk as the City's first sidewalk project to pilot the use of green construction materials that will significantly reduce carbon dioxide emissions and storm water pollutants.
- In 2009-2010, Real Estate Services and Asset Management was transferred from the Public Works Department to the General Services Department. Efforts have been focused in several areas, with emphasis on revenue from sales, the evaluation of several large City-owned properties, and an evaluation of City property leases.
- The City is currently rated Aaa/AAA/AAA by all three leading national rating agencies (the highest for a large California city with a population over 250,000). The Finance Department will continue efforts to maintain very favorable bond ratings.
- The Federated City Employees' Retirement System and Police and Fire Department Retirement Plan were named as Mid-Sized Public Plan of the Year for 2009 by Institutional Investor's Money Management Letter at its Annual Public Pension Fund Awards for Excellence ceremony.
- More than 1,000 vehicles, or 40% of the City's fleet, run on alternative fuels, including compressed natural gas, propane, electricity, and B20 biodiesel. This percentage was only 9% four years ago.


Total Vehicles and Equipment

- The city-wide training program continues to focus on leadership and skills development and is regularly customized to address pressing workforce needs. The new and popular "Medici Team Workshops" help teams to innovate their service delivery. The Training and Development Team also added a new program called "Collaborative Resolution" through which volunteer employees can request a session with trained conflict facilitators. In addition, Diversity and Inclusion modules are now included in all program areas.
- The Art & Practice of Leadership (APL) program graduated 22 employees and its graduates have an 18% promotion rate. Additionally, an APL team successfully streamlined the City's CEQA processes. The Leadership and Coaching Academy reached 57 new managers and supervisors. Human Resources Department manages the City's Management Fellowship Program and is maintaining its current Fellows in active rotations, but suspended the 2010-2011 recruitment.

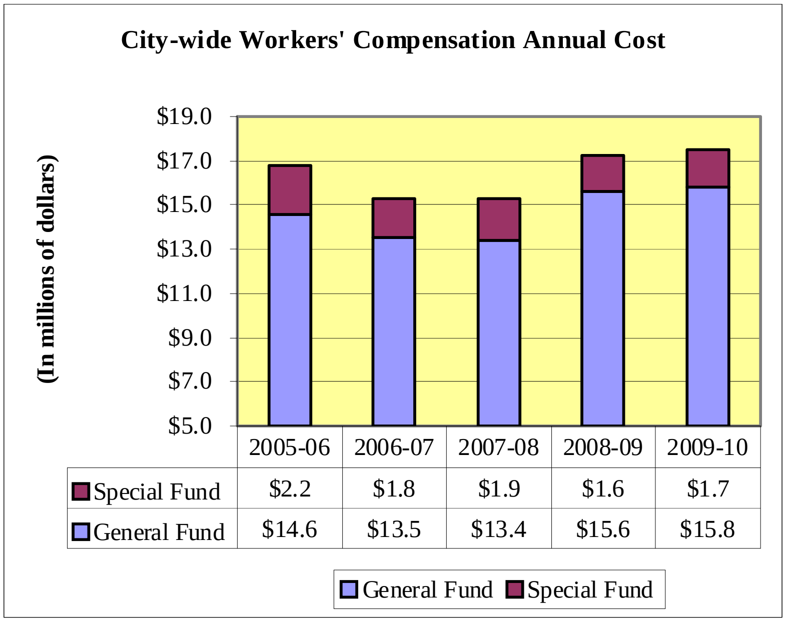
Service Delivery Environment

- As the City continues to be faced with accelerating demands for information technology service delivery and increasing costs for information technology infrastructure renewal, the single most significant issue facing the Information Technology Department and its ability to address city-wide technology infrastructure and business needs is the identification of an ongoing source of funding. Gartner, Inc's report titled "IT Spending and Staffing Report, 2008" issued in February 2008 reported that on average in 2007, information technology spending as a percentage of operating expense averaged 7.2%, while San José's budgeted technology expenditures averaged less than 1% of the City's operating budget.

- Below market-rate bids in a competitive construction bidding environment have lowered project costs but have made the benchmarked delivery cost targets obsolete (lowering the construction cost denominator in the delivery cost calculation makes the delivery cost percentage higher). The competitive market has also resulted in an increase in bid protests.

- The City's Green Vision will require changes in the way public infrastructure improvements are made. Construction specifications will be required to guide the incorporation of sustainable building methods and materials. As green construction becomes more commonplace, the City will need to develop specifications that take advantage of emerging sustainable technologies.

- Workers' compensation costs are projected to be slightly higher than prior years, from $17.2 million in 2008-2009 to $17.5 million in 2009-2010. The increase in the State Official Medical Fee Schedule as reflected by medical inflation, increase in temporary disability and permanent disability benefits, and increase in the number of surgeries and other medical procedures have continued to put pressure on costs. A major factor for preventing costs from increasing is the City's proactive safety program which focuses on injury and illness prevention. The total number of claims in the last five years has been on a downward trend, from 1,228 in 2005-2006 to 1,094 at the end of 2009-2010 (an 11% decrease). The Human Resources Department has continued to work collaboratively with departments to continue efforts to reduce risk, prevent claims, and decrease costs.



- There is continuing concern in local government about the approaching demographic crisis facing the local government management profession. As 80 million baby boomers retire throughout the United States workforce, there are only 50 million Generation Xers available to fill the vacancies left by the wave of retirees. Additionally, workforce studies indicate that far fewer members of Generation X and Generation Y groups consider local government for an academic pursuit or profession; rather, they connect the value of "giving back to their communities" with non-profit and volunteer work.

Service Delivery Environment *(Cont'd.)*

- As the cost of medical insurance outpaces both revenues and the cost of living, the Strategic Support CSA continues to explore opportunities to minimize the impact on the City and its employees. As strategies of shifting costs are short-term and evade the root cause of the cost increases, efforts will be focused on finding ways to minimize utilization that could be avoided through education and healthier lifestyles. One such effort is the pilot Wellness program. Moving forward into the third year, the Wellness program will be continued focusing on educating employees and reducing risks by reviewing the root causes of the medical insurance increases including chronic diseases and risk mitigation and prevention.

- The City's building inventory has expanded over the last several years. While funding to address minor repairs and preventive maintenance for new facilities is added as they open, some of this funding has subsequently been reduced due to General Fund shortfalls. Funding for older buildings, which have greater maintenance and repair needs, has also been reduced. This has resulted in a reduction in the rate of completed preventive maintenance activities. As a result, a gap exists between the amount of resources required for proper maintenance and operations and the amount that is funded.

- In the "Information Technology Optimization Study" recently completed by Management Partners, the consultants concluded "that without a course correction in Information Technology policies and funding, the City is headed toward a future of fragmented, duplicative, and outdated infrastructure and business systems". Consolidation of existing limited resources is necessary to provide a concentrated pool of skilled staff to address Information Technology needs from a city-wide perspective.

- The Department of Retirement Services is working to meet the challenges of managing $4 billion in pension assets in an increasingly complex financial market environment. As a support service to the City of San José, the Department has limited revenue generation capacity, but has implemented significant cost-control measures that do not result in an increased cost to the City. Both Plans have recently completed Asset-Liability Studies (ALM), and are in the process of aligning the Plans' investment returns with its pension liabilities. The new portfolio allocation will reduce the Plans' exposure to general market risk by improving the long-term allocation to alternative investments that are not correlated to public market activity. The new portfolio allocation is expected to result in a shift from active management to passive management, and is projected to result in approximately $2.5 and $4.0 million savings in investment manager fees for the Police and Fire Department Retirement Plans and the Federated City Employees' Retirement System, respectively.

- In 2009-2010, the Department of Retirement Services searched for new innovative service delivery models to accommodate the increased flow of retirements. For the first time, the Department utilized group retirement counseling sessions to provide a large number of members with pertinent and consistent information regarding their retirement benefits and pension applications without the need for individual counseling sessions.

- In 2010-2011, the Department of Retirement Services will continue to seek solutions to increase returns and reduce costs while still maintaining the appropriate level of risk management and quality customer service.

- As the City continues to adapt to the financial strains of the current economy, the Finance Department has evolved to include financial modeling and analysis as part of its core mandate to meet the increasingly complex needs of the City.

CSA Priorities/Key Services

- Maintain City-owned facilities and equipment to ensure public and employee safety and maximize the functionality of the City's assets
- "Greening" the City facilities and the City fleet
- Manage and maintain the City's leased properties
- Manage the strategic disposition of surplus City properties
- Provide quality capital project delivery
- Ensure consistent and transparent construction procurement services
- Provide wage policy compliance
- Supervise investment of retirement plan assets
- Provide retirement planning and counseling
- Administer employee and retirement benefits
- Analyze, develop and recommend retirement policy
- Provide workers' compensation, safety and loss control, and return to work services
- Provide city-wide employment services, talent and workforce development
- Provide compensation and payments to City employees and vendors
- Produce legally required, compliance, and regulatory information and financial reports
- Manage multi-billion dollar debt and investment portfolios
- Conduct compliance audits and reviews
- Collect and deposit delinquent accounts receivables due to the City
- Bill and collect City utilities service fees for storm, sewer, water, and Recycle Plus
- Purchase goods and services pursuant to City Policies and Initiatives (such as Green Vision) to support City operations in an open and competitive process
- Provide mail room services, surplus goods management, recycling services, and records management services in support of City policies and city-wide operations
- Provide secure and reliable network services
- Maintain enterprise systems such as the City's Financial Management System (FMS), the Integrated Billing System (IBS), and PeopleSoft
- Mitigate the City's information security risks
- Provide the primary point of contact for residents, businesses and employees through the Customer Contact Center

Budget Dollars at Work: Performance Goals

Strategic support functions are critical within any organization. Basic core services must be maintained at an effective level, with the adaptability to grow and improve in a timely manner upon economic recovery.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Optimize the attraction and retention of qualified employees to meet the service delivery needs of the organization	1. Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology employees	6.9%	<7.0%	8.0%	<7.0%	<6.0%
	2. % of hiring managers rating probationary employees as meets standard or above	98%	95%	99%	95%	95%
Align systems that develop and maintain a high-performing workforce	1. % of employees who agree or strongly agree they clearly understand the performance expectations of their job	81%	81%	81%	81%	85%
	2. % of employees who are satisfied or very satisfied with the recognition received for doing a good job	48%	48%	48%	48%	55%
Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job	46% / 76%	46% / 76%	46% / 76%	46% / 76%	50% / 80%
	2. % of employee performance appraisals completed on schedule	42%	40%	40%	40%	60%
Foster a shared vision with employee representatives about the characteristics of a high-performing workforce	1. % of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them	94%	94%	94%	94%	95%
	2. % of the public having contact with City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence	80%	82%	80%	82%	85%
	3. % of employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service	76% / 81%	76% / 81%	76% / 81%	76% / 81%	85% / 85%
	4. % of employees who are satisfied or very satisfied with their job	80%	80%	80%	80%	85%
	5. % of employees who agree or strongly agree the City is a good employer	85%	85%	85%	85%	86%
	6. % of employees who rate their overall satisfaction with Human Resources as satisfied or very satisfied	41%	41%	41%	41%	55%
Provide the necessary and required safety and health services that ensure employee health, safety and well-being	1. Number of Workers' compensation claims per 100 FTEs	16.6	17.0	17.0	17.0	18.0

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Budget Dollars at Work: Performance Goals *(Cont'd.)*

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations (Cont'd.)

- ✓ Over the next five years, 31% of the City workforce will be eligible for retirement, while 24% are likely to retire. Combined with a declining number of workers entering the workforce and even fewer college graduates indicating a preference for careers in government, the organization is faced with a significant challenge. Strategies are being implemented to develop current employees and attract new talent so that the City's workforce can continue to deliver top-quality services while meeting changing customer demands.

- ✓ The Human Resources Department will continue to provide services that enhance the organization's ability to hire and retain a high-performing workforce. Objectives in this area include maintaining a streamlined process for conducting executive recruitments, enhancing diversity outreach to broaden candidate pools, and continuing advanced leadership and management development programs to develop current employees. In addition, the Department will work to expose students to careers in government through internships and events like "Job Shadow Day". As significant hiring challenges are anticipated in the next five years, the Department will work to ensure recruitment pools have the most qualified candidates available for selection by departments.

- ✓ In partnership with other City departments, the Human Resources Department will provide a proactive safety and risk reduction program that is in compliance with all applicable State and federal regulations. The program's success in reducing the number of employee injuries and claims has resulted in significant workers' compensation cost avoidance over the past few years.

- ✓ The pilot Wellness program has been extended; focusing on promoting healthy lifestyles for plan participants in order to prevent chronic health problems, decrease healthcare utilization and ultimately mitigate future health premium increases.

Budget Dollars at Work: Performance Goals *(Cont'd.)*

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Provide well-maintained facilities that meet customer needs	1. % of facilities with a condition assessment rating of good or better (3 or better on a 5-point scale)	81%	60%	78%	75%	70%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	88%	85%	85%	80%	80%
	3. % of facility health & safety concerns mitigated within 24 hours	99%	100%	100%	100%	100%
Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	93%	88%	96%	90%	85%
	2. % of fleet in compliance with replacement cycle:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	87%	85%	87%	85%	70%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

- ✓ The Public Works Department will continue to provide well-constructed facilities and infrastructure that meet the needs of San José residents and the City staff. This goal will continue to be achieved through the plan, design, and construction of capital projects that comply with City Council's priorities, the City's Master Plans, and the standards established in the engineering guidelines.

- ✓ The economic environment once again presents significant challenges in sustaining existing maintenance service levels and maintaining the overall condition of the City facility, fleet, and communication assets. The General Services Department continues to focus on 1) achieving operational savings; 2) addressing public health, public safety, and mission-critical maintenance services; 3) enabling the development of maintenance programs based on available resources; and 4) developing mid- and long-term capital strategies for management of City facilities, fleet, and communication assets.

- ✓ Efforts will continue to support the development of capital improvement projects that can reduce maintenance and operations costs.

Budget Dollars at Work: Performance Goals *(Cont'd.)*

Outcome 3: Effective Use of State-Of-The Art Technology

Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Deploy technology resources effectively	1. % of network services available 24/7:					
	-Converged City Network	99.64%	99.95%	99.95%	99.95%	99.95%
	-Telephones	99.64%	99.95%	99.95%	99.95%	99.95%
	-Enterprise Servers	99.98%	99.95%	99.95%	99.95%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	99.28%	100%	100%	100%	100%
	-Financial Management System	99.55%	99.5%	99.5%	99.5%	99.5%
	-Human Resources/Payroll System	99.34%	99.5%	99.5%	99.5%	99.5%
	-Combined Availability	99.39%	99.67%	99. 67%	99.67%	99.67%
	3. % of managers who say employees have the technology tools they need to support their service delivery functions	61.11%	75%	70%	70%	70%
	4. % of employees who say they have the technology tools they need to support their service delivery functions	68.64%	85%	75%	75%	75%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

✓ Information technology consolidation activities approved for 2010-2011 will occur under the oversight of the Technology Leadership Council (TLC) and are expected to span a minimum of three years beginning in 2010-2011. Goals include:

- Realignment of information technology service delivery from an enterprise perspective.
- Provision of a framework for prioritizing information technology investments that offers the greatest benefit to the largest number of City staff and constituents.
- Elimination of duplicative efforts through consolidation of roles and responsibilities and a more standardized approach to information technology service delivery.
- Elimination of redundant business systems, databases, and hardware.
- Improved reliability and security of systems and the network.
- Lower overall city-wide information technology costs.

✓ The Nortel bankruptcy and sale of Nortel Enterprises Services to Avaya Corporation has delayed the deployment of Voice over Internet Protocol (VoIP) at the Police Department campus. The Department of Justice requires the deployment of supported platforms and staff delayed implementation until it received clarity from Avaya regarding the City's VoIP investments. Information Technology and Police Departments are now moving forward with scheduling implementation.

✓ The Information Technology Department continues to partner with the Office of Economic Development to explore alternative cost-effective and reliable solutions for e-mail services and office operations such as Software as a Service (SaaS) which provide hosted applications, content storage, and e-mail services over the internet.

✓ The Finance and Information Technology Departments have planned improvements to the City's Financial Management System (FMS) including changes that will improve overall security, control, and fraud protection for the accounts payable process, implementation of electronic disbursements to the City's vendors and migration of critical reports from COBOL to the Crystal platform.

Budget Dollars at Work: Performance Goals *(Cont'd.)*

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Maintain City's bond ratings	1. City's bond ratings: (General Obligation Bond Rating)					
	• Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
	• Standard & Poor's	AAA	AAA	AAA	AAA	AAA
	• Fitch	AA+	AA+	AA+	AA+	AA+
Improve and protect the financial management system and have it available to address short- and long-term needs	1. % of customers rating financial reporting services as good or better, based on accuracy, timeliness and customer focused processes	79%	83%	83%	83%	90%
Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions	75%	82%	81%	82%	85%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

- ✓ The Finance Department will continue to ensure that the City's financial resources are protected and available to address short- and long-term needs of the community. This goal is accomplished by proactively billing and collecting revenues due to the City, facilitating timely and accurate disbursements, investing City funds in accordance with the Investment Policy, managing a multi-billion dollar debt portfolio within federal regulatory requirements, providing accurate and timely financial reports, effectively, and efficiently procuring goods and services, and maximizing the revenue of surplus property.

- ✓ Efforts will continue to provide oversight and monitoring of financial internal controls, prepare the City's annual financial report, process payroll and accounts payable transactions in a timely manner, provide Financial Management System (FMS) reports and tools to City staff, as well as maintain and reconcile the City's general ledger.

- ✓ As the City continues to adapt to the financial strains of the current economy, and the opportunities and challenges presented, the Finance Department will continue to respond to the financial modeling and analysis needs of the City.

- ✓ The Finance Department will continue to leverage its new banking relationship to ensure that state of the art technologies are deployed city-wide to increase payment efficiencies and controls.

- ✓ The Finance Department has partnered with the Information Technology Department to develop electronic payment platforms to transition City payment streams to a more cost effective medium.

- ✓ The City is currently rated Aaa/AAA/AAA by all three leading national rating agencies (the highest for a large California city with a population over 250,000). The Finance Department will continue efforts to maintain very favorable bond ratings.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
FINANCE DEPARTMENT			
Disbursements			
• Finance Department Employee Total Compensation Reduction		(49,770)	(49,770)
Financial Reporting			
• Financial Reporting Oversight	(1.00)	(109,585)	(109,585)
• Finance Department Employee Total Compensation Reduction		(63,943)	(63,943)
Purchasing and Materials Management			
• Purchasing and Procurement Card Oversight Decentralization	(1.00)	(128,415)	(126,953)
• Finance Department Employee Total Compensation Reduction		(41,174)	(40,843)
• Purchasing Division Management Staffing		(12,207)	(12,207)
• Finance Department Management and Professional Employees Total Compensation Reduction		(3,267)	0
• Warehouse/Central Services Consolidation	3.00	303,718	(144,498)
• Water Pollution Control Plant Procurement Temporary Staffing		100,000	0
Revenue Management			
• Integrated Billing System Consolidation	(2.00)	(167,964)	0
• Revenue Management Customer Service Staffing	(1.00)	(92,310)	(92,310)
• Revenue Management Collections Staffing Funding Reallocation		(47,670)	(230,999)
• Finance Department Employee Total Compensation Reduction		(37,760)	(37,760)
Treasury Management			
• Investment Program Staffing	(3.00)	(307,338)	(307,338)
• Payment Processing Efficiencies	(2.00)	(163,330)	(84,985)
• Finance Department Employee Total Compensation Reduction		(107,539)	(107,539)
• Cashiering Payment Acceptance Efficiencies	(1.00)	(75,187)	(75,187)
• Finance Department Management and Professional Employees Total Compensation Reduction		(12,493)	0
• Supplemental Educational Revenue Augmentation Fund (SERAF) Temporary Staffing		110,000	110,000
• Rebudget: Investment Program		70,000	70,000
Strategic Support			
• Finance Department Management and Professional Employees Total Compensation Reduction		(68,302)	(68,302)
• Finance Department Employee Total Compensation Reduction		(36,318)	(36,318)
• Finance Overtime Funding		(5,000)	(5,000)
Subtotal	(8.00)	(945,854)	(1,413,537)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
GENERAL SERVICES DEPARTMENT			
Facilities Management			
• Old Martin Luther King, Jr. Facility Closure	(2.00)	(531,458)	(531,458)
• General Services Department Employee Total Compensation Reduction		(515,411)	(515,411)
• Facilities Staffing and Overtime Funding	(4.00)	(493,457)	(631,996)
• City Hall and Police Administration Building Custodial Services-Service Delivery Model Change	(21.75)	(389,333)	(389,333)
• City Hall Contractual Services		(292,000)	(292,000)
• City Facilities Solid Waste Collection Contract Funding Reallocation		(181,828)	(181,828)
• City-Wide Custodial Contractual Services (Non-City Hall)		(150,000)	(150,000)
• Event Services Staffing	(1.00)	(95,519)	(95,519)
• City Hall Security Staffing	(1.00)	(76,891)	(76,891)
• Vehicle Maintenance Staffing and Contractual Services		(21,000)	(21,000)
• Energy Efficiency Community Block Grant Project Management	0.00	0	(51,090)
• Mexican Heritage Plaza Transition Manager		130,000	130,000
• Fire Station 2 and Fire Station 36 Maintenance and Operations		21,537	21,537
Fleet & Equipment Services			
• Fleet Management Services and Staffing	(5.00)	(778,500)	0
• Fleet Maintenance and Operations Inventory and Contractual Services	(1.00)	(372,656)	0
• Police Take-Home Vehicles		(110,000)	0
• General Services Department Total Employee Compensation Reduction		(101,743)	(82,396)
• General Services Department Management and Professional Employees Total Compensation Reduction		(14,940)	0 0
Strategic Support			
• Facilities Staffing and Overtime Funding	(1.00)	(99,038)	(99,038)
• General Services Department Management and Professional Employees Total Compensation Reduction		(60,469)	(53,058)
• General Services Department Total Employee Compensation Reduction		(30,980)	(30,980)
Subtotal	(36.75)	(4,163,686)	(3,050,461)
HUMAN RESOURCES DEPARTMENT			
Employee Benefits			
• Student Verification Program Staffing	(0.62)	(56,221)	0
• Human Resources Department Employee Total Compensation Reduction		(16,326)	(14,223)
• Human Resources Department Management and Professional Employees Total Compensation Reduction		(13,653)	0

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HUMAN RESOURCES DEPARTMENT (CONT'D.)			
Employee Benefits (Cont'd.)			
• Deferred Compensation Program		(2,300)	(2,300)
• Employee Wellness Program Extension	0.50	548,322	504,264
• Rebudget: Employee Wellness Program		85,300	85,300
Employment Services			
• Employment Services Staffing	(2.00)	(218,599)	(218,599)
• City-Wide Temporary Pool Program Staffing	(1.00)	(91,010)	(91,010)
• Human Resources Department Employee Total Compensation Reduction		(8,403)	(8,403)
• Human Resources Non-Personal/Equipment and and Overtime Funding		(1,000)	(1,000)
Risk Management			
• Workers' Compensation Claims Staffing	(2.00)	(178,682)	(178,682)
• Safety and Loss Control Program Staffing	(1.00)	(111,660)	(111,660)
• Return-to-Work Program Staffing	(1.00)	(109,911)	(109,911)
• Employee Health Services Staffing	(1.00)	(90,408)	(90,408)
• Subrogation Decentralization	(1.00)	(89,260)	(89,269)
• Driver's License Record Program Decentralization	(1.00)	(82,544)	(82,544)
• Human Resources Department Employee Total Compensation Reduction		(68,147)	(68,147)
• Human Resources Non-Personal/Equipment and Overtime Funding		(1,000)	(1,000)
Training and Development			
• Training and Workforce Development Staffing	(1.00)	(89,543)	(89,543)
• Human Resources Department Employee Total Compensation Reduction		(42,190)	(42,190)
• Human Resources Non-Personal/Equipment and Overtime Funding		(1,000)	(1,000)
• Water Pollution Control Plant Succession Planning Continuation	1.00	134,637	0
Strategic Support			
• Human Resources Department Management and Professional Employees Total Compensation Reduction		(59,965)	(59,965)
• Human Resources Non-Personal/Equipment and Overtime Funding		(52,000)	(52,000)
• Human Resources Department Employee Total Compensation Reduction		(31,522)	(31,522)
Subtotal	(10.12)	(647,085)	(753,812)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
INFORMATION TECHNOLOGY DEPARTMENT			
Customer Contact Center			
• Customer Contact Center Staffing	(3.00)	(294,822)	(48,039)
Enterprise Technology Systems and Solutions			
• Technology Business Applications Management	(2.00)	(321,522)	(197,147)
• Information Technology Department Employee Total Compensation Reduction		(319,796)	(319,796)
• Information Technology Overtime Funding		(2,500)	(2,500)
• Traffic Incident System Management Funding		0	(116,132)
• Rebudget: Filenet Upgrade		40,000	40,000
Information Technology Infrastructure			
• Technology Infrastructure Operations Staffing	(3.00)	(438,826)	(330,242)
• Legacy Telecom Staffing	(2.00)	(262,387)	(262,387)
• Information Technology HelpDesk Staffing	(1.00)	(145,794)	(145,794)
• Information Technology Department Employee Total Compensation Reduction		(119,238)	(119,238)
• Nortel VoIP Maintenance Contract		(115,000)	(115,000)
• Information Technology Non-Personal/Equipment Funding		(10,000)	(10,000)
• Information Technology Overtime Funding		(2,500)	(2,500)
• Rebudget: Converged Network (VoIP) Expansion		300,000	300,000
• Rebudget: Security Service Needs		137,000	137,000
Strategic Support			
• Information Technology Department Management and Professional Employees Total Compensation Reduction		(44,296)	(44,296)
• Information Technology Department Employee Total Compensation Reduction		(34,916)	(34,916)
• Rebudget: Technical Training		83,000	83,000
Subtotal	(11.00)	(1,551,597)	(1,187,987)
PUBLIC WORKS DEPARTMENT			
Plan, Design and Construct Public Facilities and Infrastructure			
• Right-Sizing of Capital Improvement Program Staffing Strategy	(21.70)	(2,320,825)	0
• Public Works Department Management and Professional Employees Total Compensation Reduction		(25,505)	0
• Vehicle Maintenance Staffing and Contractual Services		(7,000)	(7,000)
• Public Works Department Total Employee Compensation Reduction		(4,231)	(4,231)
• Public Works Department Director's Office		(3,187)	(3,187)

Adopted Core Service Changes	**Positions**	**All Funds ($)**	**General Fund ($)**
PUBLIC WORKS DEPARTMENT (CONT'D.)			
Strategic Support			
• Public Works Program Support	(3.66)	(457,181)	0
• Public Works Department Director's Office	(0.90)	(183,019)	(131,111)
• Public Works Non-Personal/Equipment Funding		(75,000)	(75,000)
• SJRA Budget Reduction - Office of Equality Assurance	(0.50)	(70,710)	(70,710)
• Public Works Department Management and Professional Employees Total Compensation Reduction		(63,615)	(3,708)
• Public Works Department Total Employee Compensation Reduction		(27,396)	(27,396)
• Office of Equality Assurance Staffing		15,170	(40,261)
Subtotal	(26.76)	(3,222,499)	(362,604)
RETIREMENT SERVICES DEPARTMENT			
Retirement Plan Administration			
• Administrative Support Staffing	0.25	21,604	0
Strategic Support			
• Retirement Services Department Management and Professional Employees Total Compensation Reduction		(70,548)	0
Subtotal	0.25	(48,944)	0
Subtotal Core Services	**(92.38)**	**(10,579,665)**	**(6,768,401)**
OTHER CHANGES			
City-Wide Expenses			
• Annual, Bond, and Grant Compliance Audit Funding		(63,800)	(63,800)
• Annual City of San José Volunteer Celebration		(10,000)	(10,000)
• City Dues/Membership		(27,000)	(27,000)
• City Outreach and Education Efforts		(50,000)	(50,000)
• City-wide Training		(150,000)	(150,000)
• Council Member Transition Funds		(25,000)	(25,000)
• Deferred City Facilities Security and Maintenance		239,000	239,000
• Employee and Community Performance Surveys		(55,000)	(55,000)
• Employee Recognition Program		(25,000)	(25,000)
• False Claims Act Litigation Settlement		219,165	219,165
• Management and Continuous Improvement Training		(210,000)	(210,000)
• San José Sports Hall of Fame Plaques		(30,000)	(30,000)
• Sick Leave Payments Upon Retirement		1,082,000	1,082,000
• State of the City Convocation		(30,000)	(30,000)
• Workers' Compensation Claims - General Services and Other Departments		(190,000)	(190,000)
• Miscellaneous Rebudgets		14,298,073	14,298,073

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
OTHER CHANGES (CONT'D.)			
General Fund Capital, Transfers, and Reserves			
• Capital Contributions: Central Service Yard-Phase I Debt Service Payments		(1,000,000)	(1,000,000)
• Capital Contributions: Closed Landfill Compliance (Methane Monitoring)		(300,000)	(300,000)
• Capital Contributions: Fuel Tank Monitoring		(50,000)	(50,000)
• Capital Contributions: Rebudget of 2009-2010 Projects		3,210,000	3,210,000
• Transfer to Other Funds: Vehicle Replacement/General Fleet		(800,000)	(800,000)
• Transfer to Other Funds: City Hall Debt Service Payment		106,713	106,713
• Transfer to Other Funds: Rebudget - Vehicle Replacement/ General Fleet		400,000	400,000
• Earmarked Reserves: Computer and Equipment Reserves Elimination		(350,000)	(350,000)
• Earmarked Reserves: Unemployment Insurance		7,375,000	7,375,000
• Earmarked Reserves: Retiree Healthcare (International Association of Fire Fighters)		726,794	726,794
• Earmarked Reserves: Rebudgets		24,084,144	24,084,144
• Earmarked Reserves: Concessions		440,000	440,000
Subtotal Other Changes	**0.00**	**48,815,089**	**48,815,089**
Total Adopted Budget Changes	**(92.38)**	**38,235,424**	**42,046,688**

2010-2011

OPERATING BUDGET

STRATEGIC SUPPORT CSA

CORE SERVICES

Service Delivery Framework

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Strategic Support CSA

Mission:

To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Disbursements

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Finance Department

Core Services:

Disbursements

Financial Reporting

Purchasing and Materials Management

Revenue Management

Treasury Management

General Services Department

Core Services:

Facilities Management

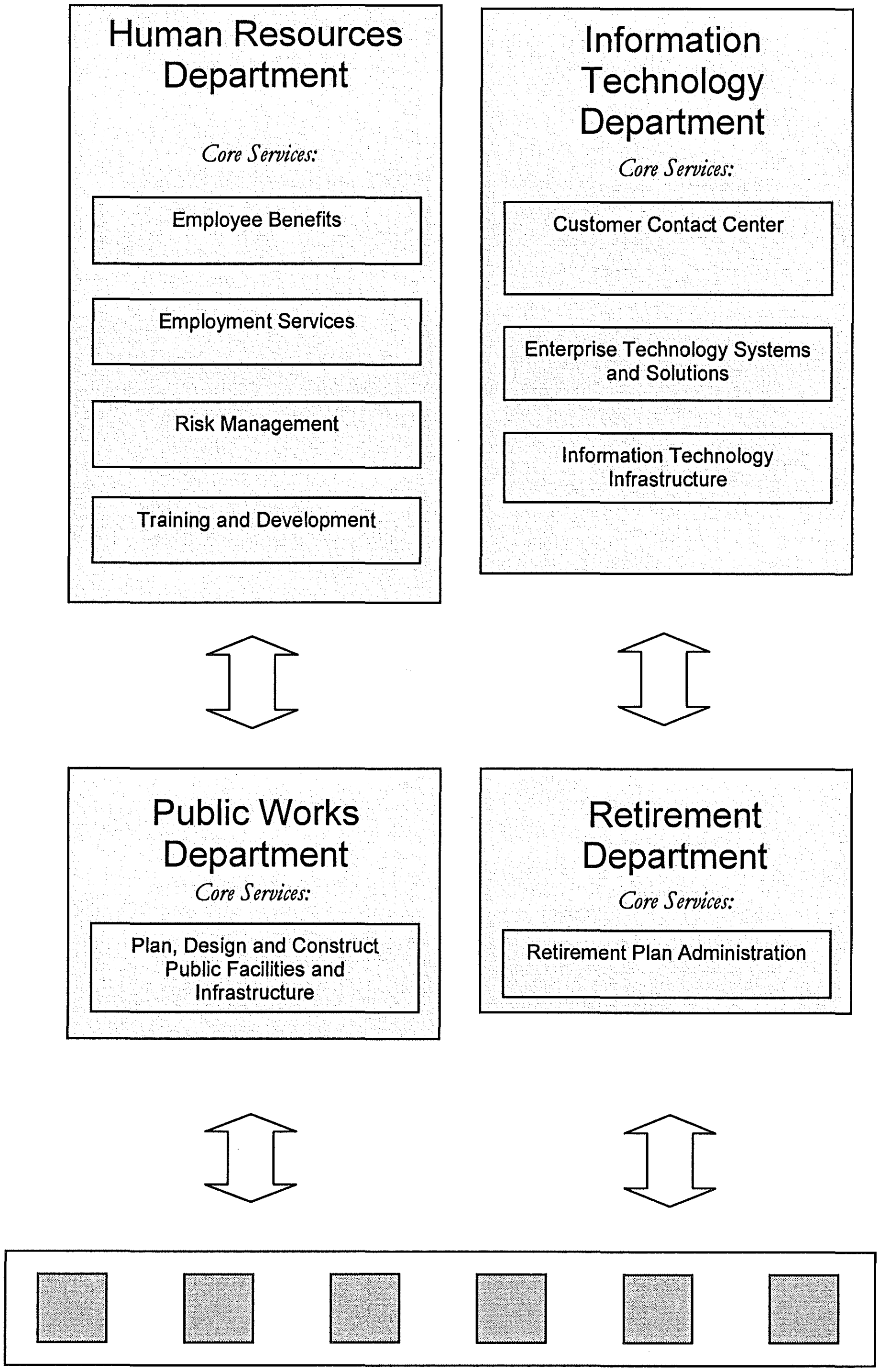
Fleet and Equipment Services

Service Delivery Framework

Strategic Support CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D.)
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES (CONT'D.)
Primary deliverables of the organization



Human Resources Department

Core Services:

- Employee Benefits
- Employment Services
- Risk Management
- Training and Development

Information Technology Department

Core Services:

- Customer Contact Center
- Enterprise Technology Systems and Solutions
- Information Technology Infrastructure

Public Works Department

Core Services:

- Plan, Design and Construct Public Facilities and Infrastructure

Retirement Department

Core Services:

- Retirement Plan Administration

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery

Core Service: Disbursements

Core Service Purpose

Facilitate timely and accurate payment of the City's financial obligations.

Key Operational Services:

☐ **Accounts Payable** ☐ **Payroll**

Performance and Resource Overview

This core service is responsible for coordinating various disbursements city-wide. Customers for this service include City employees, governmental agencies, non-profit corporations, consultants, contractors, and vendors who provided goods and services to the City. The objectives of this core service include accurate and timely payments to City employees and vendors, as well as timely responses to requests for information. This core service supports the CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.*

Accounts Payable

In 2009-2010, the Accounts Payable unit continued to work on process improvements and assisting departments with compliance responsibilities. The 2009-2010 detailed compliance review was replaced with cursory reviews and spot audit procedures to comply with the city-wide policy changes, where detailed review and accountability was shifted to departments. 2009-2010 procedural changes included increased automation of vendor payments through the use of Automated Clearing House (ACH) and electronic wire approval, automated check reconciliation, and reduction of coverage at the customer service window, all necessary as the result of decreased staffing levels. In 2010-2011, the Accounts Payable unit will continue to implement streamlining processes that will allow the unit to maintain workload levels with current resources.

The average number of days from invoice date to date of check issuance decreased from 33 days in 2008-2009 to 30 days in 2009-2010. This improvement was primarily due to automation and streamlining processes. Due to anticipated significant staffing reductions in all City departments in 2010-2011, this level of improvement is not sustainable. It is projected that the 2010-2011 "average number of days from invoice date to check issuance" will increase to 35 days. Similarly, maintaining the estimated 67% of disbursements paid to vendor accurately and within 30 days is not sustainable with reduced staffing levels, therefore the 2010-2011 forecast remains constant from the 2009-2010 target of 63%.

Core Service: Disbursements

Performance and Resource Overview (Cont'd.)

Payroll

During 2009-2010, Payroll continued to focus on process improvements and internal controls to improve operational efficiency and accuracy. In addition, in support of the City's Green Vision, Payroll reduced paper output for almost all information that can be retrieved by employees using eWay. This payroll cost-saving was achieved through the discontinuance of paper pay advices which accounted for over 90% of the printed pay stubs and pay checks city-wide. Payroll is working to implement bank issued Payroll Direct Debit Cards (PayCards) for those employees that have not enrolled in direct deposit. This Wells Fargo service will allow the City to transfer an employee's net pay to the PayCard every pay period. Off-cycle and special request payroll checks will only be generated once a week, as opposed to on-demand. These changes are currently planned to be implemented during the second quarter of 2010-2011.

During 2010-2011, implementation of process changes will continue including several City Auditor recommendations yet to be implemented, related to changes in processes between Payroll and Retirement. In addition, in coordination with the Information Technology Department, testing and implementing changes and process enhancements to the payroll system provided by PeopleSoft, based on regularly scheduled updates and fixes, will continue to be performed throughout the year. A Human Resources Payroll application upgrade to the next release of Oracle PeopleSoft Human Capital Management software, Version 9.1 is tentatively planned for implementation in 2011-2012.

	Disbursements Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯	% of disbursements paid accurately and timely	97%	90%	96%	90%
🎯	% of reimbursements paid to employees accurately and timely	97%	92%	97%	92%
🎯	% of payroll disbursements paid accurately and timely	96%	90%	95%	90%
$	Cost per payment	$7.28	$6.63	$6.19	$6.89
🕐	Average number of days from invoice date to check issuance	33	35	30	35
🎗	% of customers who rate disbursement services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	88%	90%	90%	90%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Core Service: Disbursements

Performance and Resource Overview (Cont'd.)

Selected Operational Measures	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
🎯 % of disbursements paid to vendors accurately and within 30 days	67%	63%	67%	63%

Changes to Operational Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Total cost for Disbursement services	$2,074,136	$1,760,478	$1,694,787	$1,779,143
Total number of payments made	285,415	265,363	275,678	265,363
Vendor invoices paid	82,529	77,635	81,120	77,635

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Disbursements Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,906,828	$ 1,693,746	$ 1,762,181	$ 1,712,411	1.1%
Non-Personal/Equipment	167,308	66,732	66,732	66,732	0.0%
Total	**$ 2,074,136**	**$ 1,760,478**	**$ 1,828,913**	**$ 1,779,143**	**1.1%**
Authorized Positions	**17.75**	**14.70**	**14.70**	**14.70**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Disbursements

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Finance Department Employee Total Compensation Reduction		(49,770)	(49,770)
2010-2011 Adopted Core Service Changes Total		**(49,770)**	**(49,770)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Financial Reporting

Core Service Purpose

Provide accurate and meaningful reporting on the City's financial condition.

Key Operational Services:

- ☐ **General Accounting and Analysis**
- ☐ **Special Accounting**

Performance and Resource Overview

Financial Reporting services provided by the Finance Department address customer requirements for financial information and analysis. City departments use the information to improve quality and reduce costs of services provided, identify efficiencies, and enhance effective decision making. Outside agencies seek reports for their unique purposes. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.*

General Accounting and Analysis

General Accounting and Analysis is primarily responsible for the accounting of city-wide financial activity including the General Fund, overhead rate calculations, encumbrance balance monitoring, the City's annual financial audit, and preparation of the Comprehensive Annual Financial Report (CAFR).

The production of the City's CAFR for 2008-2009 continued a trend of increasing complexity with the implementation of the recently issued Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* The ongoing emphasis on adhering to auditing standards that require more extensive documentation and evaluation of the City's internal controls remains unchanged.

The staffing reduction of one accountant position will result in reduced fiscal oversight of the City's financial reporting processes and a decreased level of internal controls within the organization. Remaining staff will continue to sustain minimum levels of internal controls necessary to provide accurate and useful financial information. The General Accounting team continues to work collaboratively with the Information Technology Department to create efficient and user friendly financial data reports. Additionally, General Accounting continues to pool resources and apply a team-based approach in the preparation of overhead rate calculations, including a feedback process with affected departments. These efforts continue to result in timely and accurate financial information allowing departments to better predict and budget for future resource needs.

Core Service: Financial Reporting

Performance and Resource Overview (Cont'd.)

Special Accounting

Special Accounting manages accounting responsibilities related to the City's improvement and assessment districts, grant programs, housing loans, fixed assets, debt transactions, investments, bank reconciliations, State-mandated cost reimbursements, deferred compensation, and special projects. Part of the responsibilities associated with the grant programs includes the planning, coordination, and completion of the annual Single Audit.

In 2009-2010, the Special Accounting Section completed work on special projects such as an analysis of impacts of negative cash balances, research on multiple grant audit inquiries, reconciliations for fees collected for business improvement districts, and deferred compensation reconciliations. In addition, Special Accounting Staff continues to monitor and provide oversight of the Hayes Mansion (managed by Dolce Hotels and Resorts) and the Convention Center (managed by Team San José).

	Financial Reporting Performance Summary	**2008-2009 Actual**	**2009-2010 Target**	**2009-2010 Estimated**	**2010-2011 Target**
🎯	% of financial reports that are produced accurately and timely	100%	95%	96%	95%
$	Cost per report	$943	$942	$804	$997
🎗	% of customers who rate financial reports as good or excellent on a 5-point scale based on accuracy, clarity, timeliness, usefulness and availability in desired format	79%	86%	83%	86%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Core Service: Financial Reporting

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Total cost for Financial Reporting services	$1,875,673	$1,859,806	$1,600,958	$1,795,208
Total number of financial reports provided	2,002	1,975	1,991	1,975

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Financial Reporting Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,801,221	$ 1,825,102	$ 1,894,032	$ 1,720,504	(5.7%)
Non-Personal/Equipment	74,452	34,704	74,704	74,704	115.3%
Total	**$ 1,875,673**	**$ 1,859,806**	**$ 1,968,736**	**$ 1,795,208**	**(3.5%)**
Authorized Positions	**14.86**	**15.26**	**15.26**	**14.26**	**(6.6%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Financial Reporting Oversight	(1.00)	(109,585)	(109,585)
2. Finance Department Employee Total Compensation Reduction		(63,943)	(63,943)
2010-2011 Adopted Core Service Changes Total	**(1.00)**	**(173,528)**	**(173,528)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Purchasing and Materials Management

Core Service Purpose

To purchase and provide quality products and services in a cost-effective manner.

Key Operational Services:

- ☐ **Procurement**
- ☐ **Central Services**
- ☐ **Warehouse Services**

Performance and Resource Overview

Purchasing and Materials Management supports the operations of all City departments on a daily basis. This core service contributes to the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* The goal of this core service is to provide timely and reliable services to all CSAs, assist departments in achieving their service delivery goals to residents, and spend public funds wisely through competitive processes and cooperative purchasing with other government agencies while reaching out to the local vendor community.

Procurement

In 2009-2010, staff continued to expand the use of the on-line bidding system for the purchase of supplies, materials and equipment, requiring that all informal solicitations (less than $100,000) must be issued, received, and awarded electronically. The tool has been utilized for vendor outreach such as a comprehensive on-line supplier survey. Results of the survey were summarized and presented to the Community and Economic Development Committee (CED) in November 2009.

In 2009-2010, the Procurement Division initiated a cost savings program with suppliers to avoid the price increases allowable under a given contract. This was followed by a renegotiation initiative to lower contract pricing on existing contracts with available options to renew (expiring contracts with no available options were automatically re-bid). This successful program has resulted in over $1.2 million in cost savings or cost avoidance for 2009-2010 and 2010-2011 in all funds. The City has also entered into a number of master agreements that are being utilized ("piggyback") by other smaller cities. Several of these agreements have rebate clauses where San José receives a rebate, typically 2%, based on sales inclusive of all aggregate sales, in all participating cities. In 2009-2010, the City received approximately $30,000 in rebates and this amount is anticipated to double in 2010-2011 based on the participation of other municipalities.

Procurement staff continues to provide training and oversight to Contract Specialists within departments for Request for Proposals (RFPs) for consultant services, including the preparation of the agreements. Training programs were expanded to include contract formation and contract management, in addition to the RFP training previously offered.

Core Service: Purchasing and Materials Management

Performance and Resource Overview (Cont'd.)

Procurement (Cont'd.)

Consistent with the City Manager's organization-wide effort, "Beyond Budget Cuts," Procurement Reforms designed to streamline the procurement process were approved by the City Council in April 2010. Key reforms include a less formal protest process for informal procurements less than $100,000, virtual bid openings, and the expansion of incidental services to allow product purchases with minimal service content to qualify as a product purchase and therefore be subject to the $1.0 million delegation of authority contract limit. It is anticipated that related municipal revisions will be submitted for City Council consideration during the first quarter of 2010-2011.

In 2009-2010, work was initiated on an electronic purchase order (PO) process to electronically create, archive, and distribute purchase orders. A pilot of this process is expected to start in early 2010-2011, with full implementation anticipated by June 2011. Additionally, the encumbrance adjustment process has been streamlined and was implemented in June 2010.

Central Services

Central Services is comprised of the Mail Room, Copy Center, Disposition of Surplus Personal Property, Recycling Services, and Records Management. In 2009, Central Services teamed with Procurement staff and completed a competitive RFP process to purchase a Records Center Management System to replace the existing homegrown system which had many limitations. This new system has improved cataloging and storing of archived records to better support customer needs, and does not require continuous maintenance and updates from the Information Technology Department. City-wide implementation is expected to be completed in 2010-2011.

For 2010-2011, Central Services and Warehouse Service operations will be consolidated in order to better utilize staffing and coordinate activities such as the pick-up and delivery services. Combining operations will allow for the elimination of one Senior Warehouse Worker.

Warehouse Services

Through Warehouse Services, the City acquires, stores, and issues approximately 900 supplies to support the City's maintenance, repair, and operations functions. Additionally, Warehouse Services delivers palletized stores orders to various City locations.

In 2009-2010, the Finance Department successfully and seamlessly transitioned the ordering and delivery of copier and printer paper from the warehouse to the City's office products supplier. Additionally, interoffice mail delivery among major City locations such as the Police Department, Retirement Services, the Animal Care Center, and the County of Santa Clara was eliminated. The Gift Shop was also closed and transitioned to an on-line ordering process.

Core Service: Purchasing and Materials Management

Performance and Resource Overview (Cont'd.)

Warehouse Services (Cont'd.)

In June 2009, the Finance Department issued an RFP for a "Just-in-Time" contract for the delivery of maintenance, repair, and operations supplies with the objective of providing a service delivery model to meet department needs at a reduced cost to the City. The evaluation committee concluded that no proposals submitted offered a viable, more cost-effective solution than a consolidation of the City's current model with Central Services. Staff continues to review the ability to transition some inventory to a vendor-managed program with direct delivery to the customer. In addition, some department-specific inventory items such as flares and fire hydrants will be moved out of the warehouse to department-specific open purchase orders. The current inventory balance is approximately $300,000, and $160,000 has initially been identified for transition to this new service delivery model. If successful, the warehouse function will shift to order processing, product staging for will-call, pick-up, and supplier management to ensure that supplier performance metrics are being met for direct delivery to the specified locations throughout the City.

	Purchasing and Materials Management Performance Summary	**2008-2009 Actual**	**2009-2010 Target**	**2009-2010 Estimated**	**2010-2011 Target**
🎯	% of cost savings achieved through the centralized purchasing process	6%	4%	4%	6%
$	Cost of purchasing services as a percentage of the total dollars procured	1.52%	1.50%	1.07%	1.39%
🕒	% of purchase orders (POs) processed within established timeframes				
	- 8 business days for POs ≤ $10K	66%	70%	70%	80%
	- 26 business days for POs > $10K and ≤ $100K	79%	68%	92%	65%
	- 38 business days for POs > $100K and ≤ $250K	72%	71%	84%	70%
	- 83 business days for POs > $250K and ≤ $1.0M	100%	90%	89%	90%
	- 108 business days for POs > $1.0M	0%	75%	100%	75%
🕒	% of time a request for record retention item is delivered within one day	92%	50%	98%	90%
🕒	% of time a request for a warehouse item is furnished within one day				
	- Picked-up	100%	100%	89%	95%
	- Delivered	95%	75%	93%	100%
🏅	% of customers who rate services as good or better, based on a 5-point scale based on courteous and timely responses to requests for information				
	- Purchasing	73%	70%	70%	70%
	- Materials Management	79%	79%	79%	79%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Core Service: Purchasing and Materials Management

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Total cost for services				
- Purchasing Services	$1.64M	$1.53M	$1.24M	$1.34M
- Materials Management Services	$1.09M	$0.93M	$0.82M	$0.86M
Total dollars procured	$107.6M	$103.2M	$88.1M	$110.0M
Total cost savings	$5.98M	$4.35M	$3.55M	$6.50M
Total dollars recovered from surplus sales	$176,295	$175,000	$129,667	$150,000
Number of purchase orders (POs) processed within:				
- 8 business days for POs ≤ $10K	243	170	236	176
- 26 business days for POs > $10K and ≤ $100K	290	438	224	285
- 38 business days for POs > $100K and ≤ $250K	41	59	32	42
- 83 business days for POs > $250K and ≤ $1.0M	32	16	17	19
- 108 business days for POs > $1.0M	0	8	1	6
Number of record retention requests delivered within one day	8,624	8,083	8,734	8,407
Number of warehouse line items:				
- Picked-up within one day	30,252	24,597	28,111	20,118
- Delivered within one day	9,297	9,716	6,925	2,449

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Purchasing and Materials Management Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,530,246	$ 2,134,001	$ 1,741,647	$ 1,928,461	(9.6%)
Non-Personal/Equipment	195,036	294,046	243,631	275,472	(6.3%)
Total	**$ 2,725,282**	**$ 2,428,047**	**$ 1,985,278**	**$ 2,203,933**	(9.2%)
Authorized Positions	**26.00**	**20.00**	**15.00**	**17.00**	**(15.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Purchasing and Materials Management

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Purchasing and Procurement Card Oversight Decentralization	(1.00)	(128,415)	(126,953)
2. Finance Department Employee Total Compensation Reduction		(41,174)	(40,843)
3. Purchasing Division Management Staffing		(12,207)	(12,207)
4. Finance Department Management and Professional Employees Total Compensation Reduction		(3,267)	0
5. Warehouse/Central Services Consolidation	3.00	303,718	(144,498)
6. Water Pollution Control Plant Procurement Temporary Staffing		100,000	0
2010-2011 Adopted Core Service Changes Total	**2.00**	**218,655**	**(324,501)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Revenue Management

Core Service Purpose

Bill and collect the City's resources to enhance the City's financial condition.

Key Operational Services:

- ☐ **Accounts Receivable Collections**
- ☐ **Business Tax Compliance**
- ☐ **Integrated Billing System**
- ☐ **Revenue Compliance and Monitoring**

Performance and Resource Overview

The Revenue Management core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* This outcome is supported by developing and streamlining business systems and processes that support the delivery of City services through timely billing and collection efforts.

Accounts Receivable Collections

In an effort to maximize collections, a Revenue Collection Strategic Plan (RCSP) was implemented in 2006-2007. The RCSP realigned staffing resources to facilitate proactive collection efforts, focusing on reducing accounts receivable and utilization of additional clerical staff to support administrative and non-collection related duties previously undertaken by revenue collections staff. In addition, contracts with two collection agencies were executed to augment the City's collection efforts and maximize recovery of revenues. To measure the cost of revenue collection services, the labor cost for staff providing these services is compared to the value of the City's total miscellaneous accounts receivable. The cost percentage target for 2009-2010 was 26.19%, with a majority of the costs associated with the RCSP.

In 2010-2011, the elimination of one position will reduce front line customer service support for the customer service windows located on the 1st and 13th floors in City Hall.

Business Tax Collections

The Business Tax Field Enforcement Program began as a pilot program in 2008-2009 and was made permanent in 2009-2010 due to the success of enforcing the City's Business Tax codes. The focus of this program is on non-compliant commercial business, itinerant businesses, and delinquent accounts by establishing a physical presence in the community to enforce business tax compliance.

Since the Business Tax System (BTS) was successfully migrated from the legacy Virtual Address Extension (VAX) system to the Integrated Billing System (IBS), efforts to further improve customer service continue, including a future implementation of online Business Tax renewals.

Core Service: Revenue Management

Performance and Resource Overview (Cont'd.)

Revenue Compliance and Monitoring

Revenue Management staff has been engaged in conducting compliance reviews of the third largest revenue source to the City's General Fund – the Sales and Use Tax. During the course of conducting this review, staff has found multiple instances of misallocations of sales and use tax requiring close coordination with the California State Board of Equalization to ensure the City receives its correct allocation amount. The total amount of misallocations collected during 2008-2009 was approximately $1.2 million. Misallocations of approximately $800,000 were collected during 2009-2010.

In addition, staff continues to conduct compliance and monitoring of the Utility Users Tax (UUT), which includes the recently modernized Telecommunications Users Tax (TUT), Telephone Line Tax (TLT), Disposal Facility Tax (DFT), Solid Waste Enforcement Fee (SWEF), and Franchise Fees for Gas, Electricity, and Water. As a result of a recent internal review, significant outstanding balances remain uncollected for utility billing accounts. In 2010-2011, the reallocation of staff to various Environmental Services Department (ESD) funds reflects an increased concentration on the collection of significant outstanding utility account balances.

Integrated Billing System

Implemented in July 2006, the Integrated Billing System (IBS) provides the City with consolidated revenue collection capabilities for the City's utility services. The City collects approximately $279 million annually for these utility services.

During 2010-2011, a strategy will be developed to address known technology system issues, including the current level of IBS vendor support (premier support) scheduled to be unilaterally discontinued by the vendor in December 2010, and the anticipated end of the useful life of IBS in 2015. A minimal level of support (sustaining support) remains available upon the termination of premier support. Strategies will focus on making the billing business model and associated processes more efficient by streamlining the current billing process. As part of the evaluation process, exploring the feasibility of having the haulers responsible for waste and recycling collection of single-family dwelling and multi-family dwellings assume some or all of the City functions to reduce staff time and billing/invoicing errors. In 2010-2011, the elimination of two positions will reduce the account maintenance support for the IBS system in anticipation of the development of a more streamlined billing process, as discussed above.

Core Service: Revenue Management

Performance and Resource Overview (Cont'd.)

	Revenue Management Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
$	Cost of revenue collection services as a percentage of the City's total miscellaneous accounts receivable	32.73%	26.19%	22.93%	25.86%
🕒	City's Aging Accounts Receivable Balance Current Receivables:				
	0 - 30 days	$2,957,580	$6,615,409	$3,887,610	$4,276,371
	31 - 60 days	$901,541	$1,466,073	$989,376	$1,088,313
	61 - 90 days	$959,417	$1,284,846	$948,608	$1,043,469
	Delinquent Receivables:				
	91 - 120 days	$1,211,190	$3,536,728	$3,633,346	$3,996,677
	121 - 365 days	$1,904,015	$3,018,433	$1,702,571	$1,872,828
	366 - 730 days	$1,752,482	$690,467	$1,273,448	$1,400,793
	731 - 999+ days	$6,657,274	$8,140,465	$7,934,154	$8,727,569
🎗	% of customers who rate Revenue Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	73%	86%	86%	86%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Total cost for Revenue Management services	$4.86M	$5.10M	$4.46M	$4.81M
Total balance of the City's miscellaneous accounts receivable	$14.85M	$18.55M	$19.46M	$18.60M

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Core Service: Revenue Management

Performance and Resource Overview (Cont'd.)

Revenue Management Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,464,458	$ 4,524,269	$ 4,582,505	$ 4,286,801	(5.2%)
Non-Personal/Equipment	393,576	574,482	571,482	521,482	(9.2%)
Total	**$ 4,858,034**	**$ 5,098,751**	**$ 5,153,987**	**$ 4,808,283**	**(5.7%)**
Authorized Positions	**45.00**	**44.88**	**42.00**	**39.00**	**(13.1%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Integrated Billing System Consolidation	(2.00)	(167,964)	0
2. Revenue Management Customer Service Staffing	(1.00)	(92,310)	(92,310)
3. Revenue Management Collections Staffing Funding Reallocation		(47,670)	(230,999)
4. Finance Department Employee Total Compensation Reduction		(37,760)	(37,760)
2010-2011 Adopted Core Service Changes Total	**(3.00)**	**(345,704)**	**(361,069)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Finance Department

Strategic Support CSA

Core Service: Treasury Management

Core Service Purpose

Provide cost effective financing, investment and cash collection of the City's resources to maintain and enhance the City's financial condition.

Key Operational Services:

- ☐ **Debt Management**
- ☐ **Investments**
- ☐ **Cash Management**

Performance and Resource Overview

Treasury Management refers to the financing and protection of the City's cash and capital assets. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community* by financing capital projects at the lowest possible cost and managing the City's investment portfolio and cash management functions.

Debt Management

The Debt Management operational service is responsible for City debt issuance and debt administration activities, and contributes to maintaining the City's strong financial condition and preserving its reputation as one of the best managed cities of similar size. In addition, as the City continues to adapt to the financial strains of the current economy, and the opportunities and challenges presented, the Debt Program's mandate has evolved to include financial modeling and analysis unrelated to traditional debt issuance.

Through the passage of the Neighborhood Libraries and Parks and Recreational Facilities General Obligation Bond Measures in 2000, and the Neighborhood Security Act Bond Measure in 2002, the City has issued general obligation (GO) bonds to finance the construction of new facilities and to improve existing facilities. The City also issues lease revenue, Airport revenue, and sewer revenue bonds to finance projects such as City Hall, the capital program at the Norman Y. Mineta San José International Airport, and improvements to the Water Pollution Control Plant. The construction of public infrastructure and affordable housing is facilitated through issuance of special tax and special assessment bonds, multi-family housing revenue bonds, and housing set-aside tax allocation bonds. The size of the City's outstanding debt issued by all agencies portfolio as of June 30, 2010 was $5.8 billion (includes conduit debt issued by the City on behalf of developers of affordable multi-family housing).

In 2008-2009, the Finance Department began the process of closing inactive improvement district funds (approximately 72 separate funds and accounts) and disbursing remaining fund balances. Outcomes include the establishment of procedures to prevent future fund balance accumulation as well as implementation of a disbursement process. In 2010-2011, temporary staffing will continue to support this effort and associated costs allocated to improvement district funds as appropriate.

Core Service: Treasury Management

Performance and Resource Overview (Cont'd.)

Investments

In 2007, the results of an evaluation of the City's Investment Unit conducted by Macias Consulting Group were presented to the City Council's Public Safety, Finance and Strategic Support Committee. The report provided recommendations to improve the Investment Program by refocusing efforts from transaction processing and accounting to investment strategy and analysis. Since the Report was issued, work has continued on the expansion of the investment portfolio's diversification, while continuing the focus on the primary objectives of safety, liquidity, and yield. Outcomes include the expansion of eligible commercial paper issuers, enhanced asset liability matching, and inclusion of corporate notes which carry the "full faith and credit" of the U.S. Government through its Temporary Liquidity Guarantee Program (TLGP). In addition, research commenced on technology improvements to assist in various facets of advanced portfolio management and cash flow modeling.

In 2009-2010, following the recommendations of the Macias Consulting Group's evaluation of the City's Investment Program referenced above, the City retained the services of an Investment Advisor for the purpose of providing the Finance Department input on investment options, cash flow forecasting, market analysis, and continued technology improvements and work commenced in April 2010. Work on these technology enhancements continues and a rebudget of $70,000 in non-personal/equipment funding was approved to complete these efforts in 2010-2011. Implementing the Investment Advisor's recommendations in conjunction with technology enhancements will enable the Investment Program to streamline operations in 2010-2011. In 2010-2011, the elimination of 3.0 positions will be partially offset by the anticipated efficiencies gained from technology enhancements as discussed above.

Cash Management

The Cash Management function manages centralized cashiering for the City, including collaboration with other City departments. In May 2009, the City Council approved a new general banking service provider for the City of San José. The City has not transitioned banking services since 2000 and the advent of banking related technologies since that time has created an opportunity for cash management efficiencies city-wide. Anticipated outcomes include the faster recognition of revenues, increased security, reduction in manual processes, and expansion of electronic payment platforms. Transitions in general banking, merchant card and lockbox services were completed in 2009-2010. Annual ongoing savings are estimated at approximately $200,000.

In 2005-2006 the City contracted services to integrate the various city-wide billing/collection systems to the Financial Management System (FMS) and to streamline the payment processing function for cashiers. Issues with the vendor's ability to integrate their system with the City's various billing systems emerged in December 2007, and in 2008-2009, a decision was made to terminate the agreement with the vendor. The Finance Department has since developed an

Performance and Resource Overview (Cont'd.)

Cash Management (Cont'd.)

alternative delivery model and partnered with the Information Technology Department to develop the interfaces between the City's systems and the City's new general banking provider. This alternative provides an added level of security to the City's systems by reducing the number of external interfaces; creating better internal controls by utilizing interfaces between the City and the City's banking provider; and enhances payment card industry (PCI) compliance. In addition, the technology payment platform under development will allow for internet payments, in person kiosk payments, and eventually replace the Finance Department cashiering system. Transitioning to electronic payment platforms will continue to allocate a percentage of the City's payment streams to a more cost effective medium. The elimination of 1.0 Account Clerk in 2010-2011 is in anticipation of the new technologies and efficiencies expected to be realized.

Treasury Management Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
◎ City's General Obligation Bond rating				
- Moody's	Aa1	Aa1	Aa1	Aa1
- Standard & Poor's	AAA	AAA	AAA	AAA
- Fitch	AA+	AA+	AA+	AA+
◎ Average return on investments	3.414%	2.560%	2.378%	1.750%
$ Cost of Debt Management services as a percentage of the City's outstanding debt portfolio	0.018%	0.025%	0.015%	0.018%
$ Cost of investment services as a percentage of the City's total investment portfolio	0.205%	0.170%	0.215%	0.224%
🎗 % of customers who rate Treasury Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	75%	82%	82%	70%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Core Service: Treasury Management

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Forecast
Total cost for Treasury Management services				
- Debt Management Services	$930,711	$934,398	$865,664	$906,474
- Investment Services	$2,226,452	$2,579,188	$2,361,213	$2,543,052
Total debt portfolio managed	$5.720B	$5.800B	$5.800B	$5.800B
Total of the City's investment portfolio	$1.218B	$1.100B	$1.100B	$1.000B

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Treasury Management Resource Summary**	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,978,349	$ 2,950,625	$ 3,492,452	$ 2,936,565	(0.5%)
Non-Personal/Equipment	178,814	562,961	442,961	512,961	(8.9%)
Total	**$ 3,157,163**	**$ 3,513,586**	**$ 3,935,413**	**$ 3,449,526**	**(1.8%)**
Authorized Positions	**30.39**	**27.16**	**31.04**	**25.04**	**(7.8%)**

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* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Treasury Management

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Investment Program Staffing	(3.00)	(307,338)	(307,338)
2. Payment Processing Efficiencies	(2.00)	(163,330)	(84,985)
3. Finance Department Employee Total Compensation Reduction		(107,539)	(107,539)
4. Cashiering Payment Acceptance Efficiencies	(1.00)	(75,187)	(75,187)
5. Finance Department Management and Professional Employees Total Compensation Reduction		(12,493)	0
6. Supplemental Educational Revenue Augmentation Fund (SERAF) Temporary Staffing		110,000	110,000
7. Rebudget: Investment Program		70,000	70,000
2010-2011 Adopted Core Service Changes Total	**(6.00)**	**(485,887)**	**(395,049)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents services provided within departments that support and guide the provision of core services. Strategic Support within the Finance Department includes:

Key Operational Services:

- ☐ **Analytical Support**
- ☐ **Budget/Fiscal Management**
- ☐ **Contract Administration**
- ☐ **Website Services**
- ☐ **Administrative Support**

Performance and Resource Overview

Within the scope of Strategic Support, departmental core services are guided through planning, organizing, directing, and evaluating service delivery to achieve departmental objectives. These support services ensure that programs and services are developed, implemented and enhanced in a manner consistent with City policies and procedures. In addition, Strategic Support is instrumental in supporting the delivery of direct services to the public and in providing coordinated responses to requests for information by other departments, the City Administration, and the City Council.

In 2009-2010, none of the Finance Department's 127.5 permanent positions achieved the departmental goal of receiving 40 hours of relevant training. Some factors impacting performance in this area were high vacancy rates and reduced staffing levels experienced in the Department. As a result of these factors, existing staff has absorbed additional duties, decreasing the time available to meet the 40-hour per employee training goal. With the 2010-2011 staffing reductions, it is expected that performance in this area will remain at the current level.

Finance Organizational Restructure

As part of a Finance Department organizational restructuring, the four Deputy Director positions have been reclassified to Division Manager positions and an Assistant Director of Finance position was created to provide assistance and direction on day-to-day operations of the Finance Department and provide management oversight of the four operational divisions in the Department (Accounting, Purchasing, Revenue Management, and Treasury). This restructuring has allowed the Director of Finance to focus more on city-wide finance issues as well as participate in regional, State, and national issues that have an impact on the City's financial health. In addition, this top-down approach utilizing the Division Manager model as opposed to the former Deputy Director model will provide professional growth opportunities with the expanded scope of responsibilities for the Division Managers and with operational guidance and oversight provided by the Assistant Director.

Strategic Support

Performance and Resource Overview (Cont'd.)

Strategic Support Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
% of employees receiving 40 hours of relevant training annually*	3%	3%	4%	2%
Ratio of strategic support services cost to total department budget	6%	6%	7%	7%
% of customers rating strategic support services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	N/A**	70%	N/A**	70%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* Currently, this performance measure data only includes training hours that Department employees receive through city-wide training courses. In 2010-2011, the Administrative Division anticipates creating a tracking mechanism to monitor hours that employees attend conferences, seminars, and college courses.

** A process is currently being developed to collect the data and it is anticipated that the data will be available in 2010-2011.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Total number of employees receiving 40 hours of relevant training	4	4	5	2
Total number of training hours provided	483	400	635	400

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 877,143	$ 748,753	$ 1,081,080	$ 971,460	29.7%
Non-Personal/Equipment	49,707	157,878	57,878	57,878	(63.3%)
Total	**$ 926,850**	**$ 906,631**	**$ 1,138,958**	**$ 1,029,338**	**13.5%**
Authorized Positions	**6.00**	**5.50**	**6.50**	**6.50**	**18.2%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Finance Department Management and Professional Employees Total Compensation Reduction		(68,302)	(68,302)
2. Finance Department Employee Total Compensation Reduction		(36,318)	(36,318)
3. Finance Overtime Funding		(5,000)	(5,000)
2010-2011 Adopted Strategic Support Changes Total	**0.00**	**(109,620)**	**(109,620)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

General Services Department
Strategic Support CSA

Core Service: Facilities Management

Core Service Purpose

Provide safe, efficient, comfortable, attractive, and functional buildings and facilities.

Key Operational Services:

- ☐ **Facilities Maintenance Services**
- ☐ **Facilities Improvement Services**
- ☐ **Special Event Support Services**
- ☐ **Graffiti Abatement**
- ☐ **Real Estate Services and Asset Management**

Performance and Resource Overview

Facilities Management is responsible for maintaining the City's building infrastructure assets through preventive and corrective maintenance and the implementation of facility improvements to enhance service delivery and the user's experience. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, and Equipment.* Facilities Management supports the CSA outcome by striving to ensure that all of the City's facilities meet the following criteria:

- Safe to occupy, operate, and use
- Functional to the operations supported and to the needs of the customers served
- Efficient building components and systems
- Attractive to the public and the surrounding neighborhoods
- Comfortable for the occupants and users

The economic environment presents significant challenges that prevent the General Services Department from sustaining existing maintenance service levels and maintaining the current overall condition of City facilities. Facilities Management continues to look for opportunities to 1) achieve operational savings; 2) address health, safety, and mission-critical maintenance services; 3) enable the development of maintenance programs based on available resources; and 4) develop mid- and long-term capital strategies for operators to manage their City facility assets.

Facilities Management will continue to provide a complement of facility services by managing resources to meet facility maintenance needs as much as possible in order to minimize facility downtime and decrease unplanned facility closures.

The General Services Department has implemented several reductions to contractual services for maintenance and repairs city-wide. Reductions in this area may result in less frequent preventative maintenance activities, resulting in increased cycle times for lower priority work orders, as well as the elimination of repairs to aesthetic elements to both interior and exterior spaces.

Performance and Resource Overview (Cont'd.)

In addition to these service reductions, a new service delivery model for custodial services has been implemented, resulting in the replacement of all General Services custodial staff with contracted custodial services, thus lowering costs to the City without impacting service levels.

A reduction of one Security Officer position will result in decreased security presence throughout City Hall. Other activities that will be impacted by this reduction include reservation and check-out of pool vehicles, issuance of identification badges for new employees, replacement of lost badges, and oversight of parking at City Hall and the employee parking garage.

Reductions to facilities management and strategic support staff will reduce the Department's capacity to provide oversight for day-to-day operations of all City facilities as well as reduced administrative support to management. Potential impacts include longer cycle times for work orders to be addressed.

Additional staffing reductions include the elimination of a Staff Technician position, which provides event/meeting support. Possible impacts include decreased responsiveness to event and meeting service requests. In addition, remaining staff may not have the capacity to accommodate meeting and event requests that are received less than 30 days in advance of the scheduled date.

At the direction of the City Council, the Department assumed the full operation and maintenance of the Mexican Heritage Plaza on April 1, 2008 for a projected 15-month period. These services are expected to continue into 2010-2011, as the City implements its transition plan as adopted by City Council in May, 2010. As part of a 2009-2010 Operating Budget process, funding for the operation of the Mexican Heritage Plaza was reduced by approximately 30% for 2010-2011. As a result, reduced staffing levels may result in increased cycle times for maintenance activities. In addition, reductions to event staff, as mentioned above, may result in decreased responsiveness to event service requests.

Real Estate Services and Asset Management

The Real Estate Services and Asset Management (RESAM) Division provides quality and cost-effective real estate services to City departments and the San Jose Redevelopment Agency. Services are performed in accordance will all applicable local, State, and federal laws and regulations. Services include appraisal, acquisition, relocation, and site feasibility analysis. In addition, RESAM supports the city-wide telecommunication lease program and leased properties activities.

Performance and Resource Overview (Cont'd.)

Real Estate Services and Asset Management (Cont'd.)

In 2009-2010, RESAM was transferred from the Public Works Department to the General Services Department. In early 2009, the City Council approved guiding principles for asset management, with the overall goal of ensuring that City-owned properties are used in a strategic and cost-effective manner that supports core City services. The Division continues to focus on proactive management of the City's real estate portfolio, by doing regular review of the City's property to ensure that it is meeting the overall goal, or whether properties should be subject to an alternative use analysis.

In 2009-2010, RESAM efforts were focused in several areas, with particular emphasis on revenue from sales, the evaluation of several large properties, and an evaluation of City property leases. The Division has also made adjustments to operational methods, including the introduction of brokers on a limited basis as a method for addressing work items. In 2009-2010, property sales exceeded the budgeted revenue estimate of $1.8 million, totaling approximately $2.5 million. Continued emphasis on the sale of property is expected to result in continued revenue.

Several large properties continue to be a focus for RESAM. Included in this group are golf courses, Hayes Mansion, and the old City Hall and E Parking Lot.

In 2009-2010, RESAM conducted a review of all property leases, with the goal of assessing the market competitiveness of each lease and ensuring all leases were current, and that all relevant information on the leases was complete. This has resulted in greater accountability in leasing activities, and has laid valuable groundwork in generating additional revenue by bringing leases for certain properties closer to market rate.

Core Service: Facilities Management

Performance and Resource Overview (Cont'd.)

Facilities Management Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 Average condition assessment rating for City building facilities (based on a rating scale of 1 to 5)	3.4	3.7	3.3	3.3
🎯 % of facilities with a condition assessment rating of good or better (3 or better on a 5-pt scale)	81%	60%	78%	75%
$ Cost of maintenance/total square feet to be maintained	$4.50	$5.90*	$4.40	$5.90*
🕒 % of health and safety concerns mitigated within 24 hours	99%	95%	100%	100%
🕒 % of non-health and safety work completed within time standards	75%	70%	75%	70%
🎗 % of customers who rate service as good or excellent based on timeliness of response and quality of work	88%	85%	85%	80%
🎗 % of public who rate publicly accessed buildings as good or excellent	69%	65%	64%	65%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* The target for this measure demonstrates the estimated cost of providing maintenance at a more optimum level, including the ability to more proactively address preventive needs and maximize the useful life of facilities.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Total number of corrective work orders completed	11,162	11,000	11,300	11,000
Total number of preventive work orders completed	4,232	4,000	4,200	4,200
New square footage added during the period	65,000	16,561	42,000*	7,400
Total square footage maintained	2.84M	2.99M	2.95M	2.96M

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

* Edenvale Commuity Center construction completed in June 2010 instead of July 2010.

Core Service: Facilities Management

Performance and Resource Overview (Cont'd.)

Facilities Management Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 10,450,252	$ 11,578,847	$ 12,665,108	$ 10,346,396	(10.6%)
Non-Personal/Equipment	6,886,395	9,508,459	9,648,749	9,372,101	(1.4%)
Total	**$ 17,336,647**	**$ 21,087,306**	**$ 22,313,857**	**$ 19,718,497**	**(6.5%)**
Authorized Positions	**106.75**	**113.25**	**114.75**	**85.00**	**(24.9%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Facilities Management

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Old Martin Luther King, Jr. Facility Closure	(2.00)	(531,458)	(531,458)
2. General Services Department Total Employee Compensation Reduction		(515,411)	(515,411)
3. Facilities Staffing and Overtime Funding	(4.00)	(493,457)	(631,996)
4. City Hall and Police Administration Building Custodial Services-Service Delivery Model Change	(21.75)	(389,333)	(389,333)
5. City Hall Contractual Services		(292,000)	(292,000)
6. City Facilities Solid Waste Collection Contract Funding Reallocation		(181,828)	(181,828)
7. City-Wide Custodial Contractual Services (Non-City Hall)		(150,000)	(150,000)
8. Event Services Staffing	(1.00)	(95,519)	(95,519)
9. City Hall Security Staffing	(1.00)	(76,891)	(76,891)
10. Vehicle Maintenance Staffing and Contractual Services		(21,000)	(21,000)
11. Energy Efficiency Community Block Grant Project Management	0.00	0	(51,090)
12. Mexican Heritage Plaza Transition Manager		130,000	130,000
13. Fire Station 2 and Fire Station 36 Maintenance and Operations		21,537	21,537
2010-2011 Adopted Core Service Changes Total	**(29.75)**	**(2,595,360)**	**(2,784,989)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Fleet and Equipment Services

Core Service Purpose

Manage safe and effective fleet and radio communications assets.

Key Operational Services:

- ☐ **Provide Repair and Maintenance of City Fleet and Equipment**
- ☐ **Manage the Acquisition and Equipping of the Entire City Fleet**
- ☐ **Manage Fuel Availability and Distribution**
- ☐ **Manage Radio Communications and Equipment**

Performance and Resource Overview

The goal of this core service is to provide safe and reliable vehicles and equipment that are readily available for City employees. This core service contributes to the Strategic Support CSA Outcome: *Safe and Functional Public Infrastructure, Facilities and Equipment.*

The economic environment once again presents significant challenges in sustaining existing maintenance service levels and maintaining the overall condition of City fleet assets. Fleet and Equipment Services continues to focus on looking for opportunities to 1) achieve operational savings; 2) address public health, public safety, and mission-critical fleet services; 3) enable the development of fleet and radio communications programs based on available resources; and 4) develop mid- and long-term capital strategies for management of the City's communication infrastructure.

Fleet and Equipment Services continues to work to achieve an optimum fleet size that provides cost savings, maximizes vehicle availability, and supports the delivery of City services. In meeting this challenge, Fleet and Equipment Services continues to identify and provide alternatives to ownership and optimize City resources in the provision of vehicles and equipment to user departments. These alternatives include sharing vehicles and equipment across departmental lines, expanding the utilization of a vehicle and equipment pool, as well as utilizing short-term rentals, longer-term leases and mileage reimbursement. Achieving the optimal fleet size is an ongoing effort being led by the General Services Department in cooperation with all client departments. General Services is closely coordinating with departments on the development and implementation of these fleet optimizing strategies, so as not to negatively impact critical department resources essential in supporting City services.

Fleet and Equipment Services continue to make strides towards achieving Green Vision Goal # 8: Ensure that 100% of the public fleet vehicles run on alternative fuels. Currently, 40% of the City's fleet is comprised of alternative fuel vehicles which include compressed natural gas (CNG), B20

Core Service: Fleet and Equipment Services

Performance and Resource Overview (Cont'd.)

biodiesel blend, electric, hybrid gas/electric, liquid propane gas (LPG), and bi-fuel (unleaded gas and CNG) vehicle technologies. A major alternative fuel, B20-biodiesel, continues as a staple fuel for the entire diesel fleet. B20 is a blend of 20% biological material (vegetable oils) and 80% ultra-low sulfur diesel fuel, a clean burning alternative fuel made from renewable resources. The Department expects to utilize biodiesel blends with even higher ratios of renewable resources in the future; however, more time is needed to determine what additional maintenance and fueling infrastructure measures may be necessary to support the transition. The use of biodiesel fuels and the infusion of diesel particulate filters have resulted in a significant reduction of carbon dioxide regionally. These efforts, in conjunction with other initiatives, have resulted in a 26% reduction in vehicle emissions since the base year of 2002-2003, representing a nearly 26,000 ton reduction of carbon dioxide.

For 2010-2011, Fleet and Equipment Services budget reduction strategies were designed to achieve operational savings while minimizing the impact to City programs. The general fleet replacement (General Fund non-public safety vehicles) budget of $1 million was approved to be temporarily reduced to $200,000 in 2010-2011 and partially restored (to a level of $800,000) in 2011-2012. Although replacement funding for Police and Fire Department vehicles will not be affected by this action, all other City General Fund programs will be impacted. With the limited funds available, replacement priority will be given to vehicles and equipment that are critical to program service delivery needs and are in danger of failing.

In order to achieve replacement savings in the public safety fleet, a recommendation to extend the replacement criteria for marked and umarked patrol cars was approved. The current Police marked fleet replacement criteria are currently five years and 100,000 miles, while the unmarked fleet replacement criteria are 10 years and 100,000 miles. Marked vehicles take an average of 69 months to reach the current 100,000 mile replacement criterion. The new replacement criteria are 6 years and 110,000 miles for marked vehicles and 11 years and 110,000 miles for unmarked vehicles. Savings in the General Fund in the amount of $1,262,800 in 2010-2011 and approximately $394,000 ongoing will be achieved by the implementation of this replacement cycle extension. Current utilization, maintenance history, and component reliability indicates that extending the replacement criteria for both the marked and unmarked fleet will not result in negative performance impacts.

Also included in this budget are cost-saving strategies that will reduce fleet management service levels. These actions include a reduction in overtime and stand-by pay, resulting in an estimated 1% reduction in completion of preventive maintenance and repairs due to the lost work hours; and a reduction in contractual repairs in the amount of $200,000 and four fleet services positions, resulting in increased repair cycle times as well as increased preventative maintenance services cycles. Also included is the elimination of the Fleet Division Manager position, leading to reduced coordination with client departments as well as less proactive management of city-wide fleet management issues.

Core Service: Fleet and Equipment Services

Performance and Resource Overview (Cont'd.)

Fleet and Equipment Services Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 % of equipment that is available for use when needed:				
Emergency Vehicles	100%	100%	100%	100%
General Fleet	93%	88%	96%	90%
🎯 % of fleet that is alternate fuel vehicles	40%	41%	40%	41%
🕒 % of fleet in compliance with replacement cycle:				
Emergency Vehicles	100%	100%	100%	100%
General Fleet	87%	85%	87%	85%
$ Cost per mile or hours, by class (of equipment):				
Police	$0.37	$0.32	$0.37	$0.34
Fire	$2.91	$3.29	$3.53	$3.25
General Fleet Light	$0.27	$0.28	$0.32	$0.30
General Fleet Heavy	$1.79	$1.89	$1.54	$1.42
Off Road Light	$5.60	$5.61	$9.61	$8.84
Off Road Heavy	$28.33	$32.06	$32.05	$29.49
🎗 % of customers who rate service good or better based on:				
Timeliness	84%	80%	94%	85%
Convenience	96%	96%	81%	90%
Courtesy	94%	95%	97%	95%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights*	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Total number of repair work orders	19,676	20,200	19,286	19,500
Total number of prescribed preventive maintenance work orders	5,766	5,700	5,686	4,600
Total number of vehicles and equipment	2,748	2,688	2,708	2,627

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

* The Activity & Workload Highlights do not reflect the Radio Communications Program.

Core Service: Fleet and Equipment Services

Performance and Resource Overview (Cont'd.)

Fleet and Equipment Services Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 8,617,937	$ 8,275,679	$ 8,710,865	$ 8,012,050	(3.2%)
Non-Personal/Equipment	2,344,574	2,441,033	2,216,067	1,741,987	(28.6%)
Inventory	7,525,676	7,359,888	6,655,049	6,450,105	(12.4%)
Total	**$ 18,488,187**	**$ 18,076,600**	**$ 17,581,981**	**$ 16,204,142**	**(10.4%)**
Authorized Positions	**86.25**	**81.25**	**79.75**	**73.75**	**(9.2%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes by Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Fleet Management Services and Staffing	(5.00)	(778,500)	0
2. Fleet Maintenance and Operations Inventory and Contractual Services	(1.00)	(372,656)	0
3. Police Take-Home Vehicles		(110,000)	0
4. General Services Department Total Employee Compensation Reduction		(101,743)	(82,396)
5. General Services Department Management and Professional Employees Total Compensation Reduction		(14,940)	0
2010-2011 Adopted Core Service Changes Total	**(6.00)**	**(1,377,839)**	**(82,396)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within General Services includes:

Key Operational Services:

☐ **Network/Computer Systems Management**
☐ **Budget/Fiscal Management**
☐ **Programmatic/Administrative Support**
☐ **Strategic Planning/Leadership**

Performance and Resource Overview

Strategic Support provides administrative support for the General Services Department. Strategic Support includes network and computer systems management, fiscal management, personnel management, and organizational development.

Over the past two years, the transfers of the Real Estate Services and Asset Management Division from the Public Works Department and the Animal Care & Services Division from the Parks, Recreation, and Neighborhood Services Department have directly impacted workload for the personnel and fiscal support section of the Strategic Support Division. These transfers, in conjunction with reductions in the areas of administrative support and database management, have also impacted this Division's capacity to carry on day-to-day operations. However, despite these conditions, this Division continues to strive to meet customer expectations, to find cost-savings opportunities, and to maintain quality standards.

Strategic Support

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 904,439	$ 953,520	$ 1,023,379	$ 832,892	(12.7%)
Non-Personal/Equipment	181,543	200,233	200,233	200,233	0.0%
Total	**$ 1,085,982**	**$ 1,153,753**	**$ 1,223,612**	**$ 1,033,125**	**(10.5%)**
Authorized Positions	**7.25**	**6.75**	**6.75**	**5.75**	**(14.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Facilities Staffing and Overtime Funding	(1.00)	(99,038)	(99,038)
2. General Services Department Management and Professional Employees Total Compensation Reduction		(60,469)	(53,058)
3. General Services Department Total Employee Compensation Reduction		(30,980)	(30,980)
2010-2011 Adopted Strategic Support Changes	**(1.00)**	**(190,487)**	**(183,076)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Employee Benefits

Core Service Purpose

Provide employee benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively.

Key Operational Services:

☐ **Competitive Processes for Benefit Plans**
☐ **Staff Support for Benefits Review Forum and Deferred Compensation Advisory Committee**
☐ **Benefits Classes**
☐ **Insurance Premium Payments**
☐ **Claims Processing**
☐ **Eligibility and Contribution Transfers**
☐ **Customer Services, Counseling and Mediation**
☐ **Human Resources Information System (HRIS) - Benefits Module Administration and Maintenance**

Performance and Resource Overview

The Employee Benefits Core Service supports the Strategic Support CSA Outcome: *A High-Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.* This core service strives to provide employees with a wide array of high-quality, affordable and responsive benefits services, and to make accessing and utilizing these services as seamless and trouble-free to beneficiaries as possible. High-quality employee benefits are essential to being an "employer of choice" and to attracting and retaining a high-performing workforce.

The anticipated investment of City funds for non-retirement employee benefits is $71 million for 2010-2011, details of which are included in the Statement of Source and Use of Funds for the Benefit Funds found in the Source and Use of Funds Statements section of this document. Employees, the Retirement Funds, and retirees contribute additional funding for these non-retirement benefits as well. In addition, employees may choose to pay for a number of voluntary benefits through payroll deductions such as deferred compensation, long-term disability, long-term care, medical reimbursement accounts, dependent care accounts, supplemental life insurance, personal accident insurance, and other insurance products.

In 2009-2010 the Employee Benefits Division undertook and accomplished a number of initiatives. A request for proposal (RFP) was conducted for the City's consultant services for employee benefit plans, including City-paid plans, such as health care and dental benefits, voluntary participant-paid benefits programs, consultant services for the Council Appointee money purchase retirement plan and 457 Deferred Compensation plan, and actuarial services for the City's self-funded dental Preferred Provider Organization (PPO) plan. This RFP was successful in reducing consulting costs with no loss in service levels to benefit plans, actuarial services or to participants. Over the four-year contract period, beginning on January 1, 2010, the City's cost for consulting services was

Core Service: Employee Benefits

Performance and Resource Overview (Cont'd.)

reduced by $430,000 and the employees'/retirees' costs were reduced by more than $1.3 million for a total anticipated savings of $1.7 million. The compensation structure for consulting services was also changed from a percentage of premium to a flat, fee-for-services. This strategic compensation change removes the automatic consulting cost increases previously related to rising health and welfare costs, enabling the City to negotiate multiple-year, fixed rate contracts for consulting services.

In August 2009, the Employee Wellness Pilot Program developed and implemented a Wellness Conference and Health Fair for employees and retirees. Over 45 conference sessions were provided on a variety of health topics, including the importance of nutrition, exercise and prevention of illness and disease. In February 2010, weekly healthcare screenings began to be offered to employees and retirees at major department locations helping participants identify health risk factors and encourage participants to seek appropriate medical care to reduce or eliminate their health risk factors. In April 2010, the City Wellness Program, in coordination with Kaiser Permanente, implemented a colorectal (also referred to as colon cancer) screening pilot program to encourage Kaiser members between the ages of 50 and 75 to complete an at-home screening test. These strategic Wellness initiatives are designed to help employees and retirees improve their health status, and are designed to reduce future health care claims costs.

Employee Benefits staff implemented several measures to streamline and realize efficiencies in premium collection and payment. Staff implemented a change from monthly to bi-weekly eligibility reporting to health plan carriers, which will reduce manual eligibility reporting and reduce potential expenses being incurred for non-eligible participants. Premium payments from employees on leave of absence were consolidated to a single, streamlined benefit payment process, enabling more efficient customer service and improving the billing reconciliation process. A dependent verification audit was conducted to ensure that covered dependents are eligible for coverage on City plans and to obtain information necessary to coordinate benefits between the City's plans and external plans.

In March 2010, Congress approved new legislation, included in the Temporary Extension Act of 2010 (H.R. 4691), requiring employers to extend the assistance in funding 65% of COBRA *(Consolidated Omnibus Budget Reconciliation Act)* costs to employees who were "involuntarily terminated" between September 1, 2008 and March 31, 2010. These costs are to be reimbursed via payroll tax credit by the federal government on a quarterly basis. This new legislation has budgetary impacts and adjustments were approved in both 2009-2010 as well as 2010-2011. To date, staff has implemented a program to notify and track COBRA participants who are eligible for this subsidy.

Core Service: Employee Benefits

Performance and Resource Overview (Cont'd.)

Employee Benefits Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
% of providers in compliance with negotiated benefits	92%	92%	92%	92%
Cost of benefits administration per FTE	$310	$364*	$413*	$467*
% of requests for services responded to in one day	85%	90%	85%	90%
% of Human Resources Information Systems transactions completed within the target pay period	100%	100%	100%	100%
% of participants rating benefit program products and services as good to excellent:				
- City Employee Benefits staff customer service	N/A**	N/A**	N/A**	N/A**
- Benefit products and Vendor's customer service	N/A**	N/A**	N/A**	N/A**

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* "Cost of benefits administration per FTE" has increased due to the additional staffing costs associated with the two-year Employee Wellness Pilot Program approved to be extended through 2010-2011.

** The question regarding benefits satisfaction was not included in the 2004, 2006, or 2008 Employee Survey. The next Employee Survey is anticipated to be released in fall 2010.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Annual contributions to Deferred Compensation	$39M	$39M	$39M	$38M
% of employees contributing to Deferred Compensation	72%	71%	71%	72%
% of employees/retirees enrolled in dental HMO	6%	9%	6%	6%

Changes to Activity and Workload Highlights from 2009-2010 Adopted Budget: No

Core Service: Employee Benefits

Performance and Resource Overview (Cont'd.)

Employee Benefits Resource Summary	2009-2010 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,269,988	$ 1,533,383	$ 1,497,817	$ 1,619,411	5.6%
Non-Personal/Equipment	756,043	1,310,817	847,987	1,271,515	(3.0%)
Total	**$ 2,026,031**	**$ 2,844,200**	**$ 2,345,804**	**$ 2,890,926**	**1.6%**
Authorized Positions	**14.12**	**14.12**	**12.52**	**12.40**	**(12.2%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Student Verification Program Staffing	(0.62)	(56,221)	0
2. Human Resources Department Employee Total Compensation Reduction		(16,326)	(14,223)
3. Human Resources Department Management and Professional Employees Total Compensation Reduction		(13,653)	0
4. Deferred Compensation Program		(2,300)	(2,300)
5. Employee Wellness Program Extension	0.50	548,322	504,264
6. Rebudget: Employee Wellness Program		85,300	85,300
2010-2011 Adopted Core Service Changes Total	**(0.12)**	**545,122**	**573,041**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Employment Services

Core Service Purpose

Facilitate the timely hiring of excellent employees, and administer the City's classification and compensation systems.

Key Operational Services:

- ☐ **Recruitment, Assessment and Hiring**
- ☐ **Executive Recruitment**
- ☐ **Temporary Employment Program**
- ☐ **Job Classification/Compensation**
- ☐ **Employee Reallocations**
- ☐ **Civil Service and Hiring Rules, Policies and Procedures**
- ☐ **Employee Placements**

Performance and Resource Overview

The Human Resources core employment services team supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.* This core service conducts tailored job recruitments, administers candidate assessments for selected job classes, and manages effective, efficient, and defensible hiring processes in partnership with client departments.

In 2008-2009, city-wide employment service delivery was evaluated and numerous duplications of functions performed both in departments and in the Human Resources Department were found. Modeled after the pilot Matrix Program, in 2009-2010, action was taken to right-size the amount of resources necessary to perform the recruitments and streamline all employment services resources under direct Human Resources Department supervision. The Employment Services staffing now initiates and supports a more customer focused strategic support service. In addition, staff has created performance standards, accountability mechanisms, and a "Customer Council," comprised of representatives from client departments, to oversee the internal service delivery model. As part of this new model, staffing residing in Human Resources now support Finance, Fire, General Services, Housing, Information Technology, Library, Police, and Transportation Departments in addition to the original pilot Matrix Program relationships with Airport, Environmental Services, Parks, Recreation and Neighborhood Services, Public Works, and Planning, Building and Code Enforcement Departments. Under the new model of direct Human Resources supervision, the city-wide time to hire 2009-2010 Estimate is 100 days, which is below the target of 120 days.

Performance and Resource Overview (Cont'd.)

The Department processed 840 transactions in 2009-2010. While this is less than the 1,264 transactions processed in 2008-2009, it is 29% higher than the 2009-2010 Forecast of 650 transactions. The 2009-2010 Forecast was based on retirement projections and positions added during the 2009-2010 budget process. However, 2009-2010 annualized turn-over rates were estimated at 7.9% though ended the year at 10.0%; this is 3.1% higher than the 6.9% experienced in 2008-2009. This increase is primarily due to retirements, leading to a greater volume of internal promotions and transfers in order to maintain service delivery in key operational functions.

Executive recruitments are ongoing as individuals continue to reach retirement eligibility. Employment Services completed six executive recruitments in 2008-2009, five of which were completed in conjunction with executive search firms. In 2009-2010, Employment Services managed one executive recruitment with internal resources as a cost-savings measure. A total of five executive recruitments including the one managed with internal resources were conducted in 2009-2010.

Classification and compensation services ensure that jobs are properly designed, described, and aligned to support business needs and sound organizational principles. In addition, compensation work includes analysis and actions to promote market-based compensation while ensuring internal pay equity among City jobs. Two new classifications were created and two reallocations approved in 2009-2010.

The Employment Services Division conducts testing to create qualified candidate groups for classifications used city-wide and eligibility lists for Police and Fire promotional classifications. Examinations have been conducted for three city-wide classes and seven Police and Fire promotional classes in 2009-2010.

Employment Services continues to facilitate organizational downsizing by administering placements, bumping, redeployment, and layoffs of employees. In 2009-2010, staff transitioned 250 employees impacted by 2009-2010 budget actions; 237 employees were placed throughout the organization, and 13 employees separated. Additional placements from the Development Fee Program rebalancing in November 2009, the San Jose Redevelopment Agency Budget, and actions from the 2009-2010 Adopted Operating Budget with a January 1, 2010 effective date resulted in transition of 79 employees; 69 employees were placed internally and 10 separated. Employment Services continues to generate and use seniority lists as well as work closely with departments and displaced employees to find acceptable placements to the extent possible. The 2010-2011 elimination of over 480 filled positions resulted in the impact of approximately 750 employees with approximately 200 (including part-time) subject to layoff. For 2010-2011, two Analyst positions were eliminated in this core service as a result of the anticipated decline in hiring activities due to employee reinstatement rights - as dictated by the civil service rules.

Core Service: Employment Services

Performance and Resource Overview (Cont'd.)

	Employment Services Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯	Turnover Rates:				
	- Total, All Employees	6.9%	7.0%	7.9%	7.0%
	- Public Safety Employees	8.7%	8.0%	7.4%	8.0%
	- Non-Public Safety Employees	5.9%	7.0%	8.1%	7.0%
	- Information Technology Employees	2.9%	5.0%	2.9%	5.0%
	- Non-Information Technology Employees	6.9%	7.0%	7.9%	7.0%
🎯	% of employee performance reviews completed on schedule	41%	40%	40%	40%
🎯	% of hiring managers rating probationary employees as meets standard or above	98%	95%	99%	95%
🕐	Days for Recruitments	121	120	100	120
🕐	Working days to reclassify an occupied position	150	150*	100	150**

Changes to Performance Measures from 2009-2010 Adopted Budget: Yes [1]

* One reallocation occurred in 2008-2009 assisting the Department in determining an estimate for the 2009-2010 Target.

** A number of requests have been placed on hold due to anticipated 2010-2011 budget implications. As a result, it is anticipated that the 2009-2010 Estimate will not be sustainable for 2010-2011.

[1] Changes to Performance Measures from 2009-2010 Adopted Budget:

↺ "Days for Recruitments: Internal and External" was replaced by "Days for Recruitments." During 2008-2009, external recruitments became the default. Internal recruitments are limited and no longer tracked separately.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
# of positions filled from recruitments:				
- Full time	796	650	450	300
- Part time	468	*	300	150

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: Yes [1]

* Data is currently unavailable

[1] Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget:

↺ "New Job Postings: Total, Internal, and External;" was replaced by "# of positions filled from recruitments: full time and part time" to more accurately reflect the hiring activity. The previous measure did not capture those postings which result in multiple hires for a single job posting.

Core Service: Employment Services

Performance and Resource Overview (Cont'd.)

Employment Services Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,139,650	$ 1,163,580	$ 1,276,171	$ 957,159	(17.7%)
Non-Personal/Equipment	47,346	64,568	64,568	64,568	0.0%
Total	**$ 1,186,996**	**$ 1,228,148**	**$ 1,340,739**	**$ 1,021,727**	**(16.8%)**
Authorized Positions	**11.00**	**10.00**	**11.00**	**8.00**	**(20.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Employment Services Staffing	(2.00)	(218,599)	(218,599)
2. City-wide Temporary Pool Program Staffing	(1.00)	(91,010)	(91,010)
3. Human Resources Department Employee Total Compensation Reduction		(8,403)	(8,403)
4. Human Resources Non-Personal/Equipment and Overtime Funding		(1,000)	(1,000)
2010-2011 Adopted Core Service Changes Total	**(3.00)**	**(319,012)**	**(319,012)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Human Resources Department
Strategic Support CSA

Core Service: Risk Management

Core Service Purpose

Manage the City's human and capital assets in a way that minimizes liability and loss and maximizes opportunities.

Key Operational Services:

☐ **Workers' Compensation Program**
☐ **Return-to-Work Program**
☐ **Risk Financing**
☐ **Safety and Loss Control**
☐ **Employee Health Services**

Performance and Resource Overview

A safe and healthy work environment is a vital concern to the City as an employer. The Risk Management Core Service is charged with ensuring a safe workplace and healthy employees in compliance with all applicable State and federal regulations related to employee health and safety in the workplace and with ensuring a well-managed liability program to minimize liability and loss to the City. This core service supports the Strategic Support CSA Outcome: *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.*

Workers' Compensation Program

The Workers' Compensation Program's main objective is to ensure injured employees receive adequate and appropriate treatment through an effective claim management process. The treatment plan may include medical treatment as well as rehabilitation. Workers' compensation costs are reflected in the City-Wide Expenses section of this document.

In 2009-2010, new workers' compensation claim levels and costs increased as compared to those of 2008-2009 due to medical inflation increases of approximately 10% per year, changes in legislation regarding increases in disability leave benefits for sworn personnel, increases in State-mandated benefits for temporary and permanent disability benefits, an aging workforce, and increased workload. Workers' compensation costs reached $17.5 million in 2009-2010, $200,000 above the 2009-2010 year end estimate of $17.3 million ($15.8 million in the General Fund), and a $300,000 increase from 2008-2009.

In 2010-2011, 2.0 positions will be eliminated and an additional 2.0 positions will be eliminated effective July 2011 as a result of the one-time restoration in the Mayor's June Budget Message. Despite these reductions, the major focus in the Workers' Compensation Program will be to continue the efforts with the Workers' Compensation Cost Containment Program which consists of medical bill review (ensuring that the City is not being charged in excess of the State-mandated official fee schedule), desk audits of outpatient surgery center fees, discounts from preferred provider organizations, and utilization review of treatment plans. Human Resources (HR) estimates

Workers' Compensation Program (Cont'd.)

that its cost containment program has resulted in cost avoidance of $12 million during 2009-2010. In addition, the Return-to-Work Program ensures prompt return to temporary and permanent work and a safe work environment for our injured employees.

Risk Financing

The percentage of contracts processed for insurance clearance within five days of receipt is estimated at 79% in 2009-2010. This is above the 2009-2010 target of 67% and the 2008-2009 actuals of 78%. In 2008-2009 2,852 contracts were processed, which is lower than 2007-2008 levels and the number of contracts projected for 2009-2010 (2,100) continues to decline. These declines are primarily due to declining activity in the Capital Improvement Program (CIP), less work being outsourced to consultants and contractors, and reduced budgets postponing some projects (both professional services and construction) to future dates. In 2010-2011, one position will be eliminated representing a one-third reduction to the unit's insurance compliance staffing resulting in the decentralization of subrogation claims and insurance contracts and further decentralization of ensuring insurance is in compliance for contracts at or below $250,000 in value (currently, the departments are responsible for contracts below $25,000 in value). The Human Resources Department will continue to audit contracts on a regular basis to ensure department compliance.

Risk Finance accomplished a tremendous electronic improvement through its "Go Green" effort in 2008 and continues to keep the project current and functional. Over a course of six months, Risk Finance was able to scan and store 9,000 documents (at last count) and remove 12 four drawer lateral file cabinets from the HR floor plan. This improvement makes all documents retrievable by anyone with access to the City's Intranet 24 hours a day; thereby reducing phone call and e-mail requests. By using the HR Intranet web site, City staff can now locate these documents without the need to contact any staff in Risk Finance for status. An "Electronic Signature" on documents was also initiated, thereby eliminating the need to walk documents over to one another for "wet" signatures or having to route documents between departments (thereby reducing the inter office mail routing). Risk Finance has received accolades from many of our biggest users.

Safety and Loss Control

The Safety program continues to promote safety and loss control through encouraging departments to create a culture of safety and reduce injuries and costs to the City through incentives. Department central Safety Officers include the Fire, General Services, Human Resources, Police, and Transportation Departments.

In 2009-2010, the City, with the assistance of a risk management brokerage firm, concluded an assessment of the safety culture of the Department of Transportation (DOT). The goal was to identify areas where improvements are possible to strengthen a culture of safety, including clear accountability for safety.

Performance and Resource Overview (Cont'd.)

Safety and Loss Control (Cont'd.)

In 2010-2011, this division will be reduced by roughly 50% in the Human Resources Department, shifting responsibility of safety inspections and oversight of violation corrections to the dedicated Safety Officers in the participating departments mentioned above. Risk Management's driver record keeping function is also being eliminated in 2010-2011, and the duties will be distributed to line department staff where possible/appropriate. Remaining resources in the Human Resources Department will continue to assist departments with the assessment of their safety programs, using the Eight-Point Safety guidelines as a tool.

Employee Health Services

Employee Health Services (EHS) provides employee medical exams and testing which are mandated by the Occupational Safety and Health Administration (OSHA), as well as those that are contractually mandated. The services include hearing tests, lung function tests, physical examinations, laboratory blood testing, vision testing, and other testing as indicated. EHS ensures compliance with post-offer medical legislation, such as performing Commercial Drivers Medical Examinations (CDME) and mandatory drug testing as mandated by the Federal Motor Carriers Safety Administration (FMCSA). EHS also performs post-offer medical evaluations to ensure that the City complies with Fair Employment and Housing Act (FEHA) and Americans with Disabilities Act (ADA) in addition to providing medical guidance when FEHA issues arise. For 2010-2011, a Secretary position will be eliminated though the impacts are anticipated to be partially offset by making permanent a Senior Medical Assistant as part of the Employee Wellness Program extension.

	Health and Safety Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
◎	Risk Management training hours per FTE: by Risk Management staff and total	0.01	0.01	0.01	0.01
◎	Number of Workers' Compensation claims per 100 FTEs	16.6	17.0	16.5	16.5
◎	Number of Workers' Compensation disability hours	N/A*	240,000	200,000	200,000
◎	Number of Workers' Compensation disability hours per claim	N/A*	200	190	190
$	Expenditures for Workers' Compensation per $100 of total jurisdiction salaries and benefits	$3.82	$4.00	$3.70	$3.80

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* No data is available, this measure was added in the 2009-2010 Adopted Operating Budget.

Performance and Resource Overview (Cont'd.)

Selected Operational Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🕒 Percentage of contracts processed for Insurance clearance within five days of receipt	78%	67%	79%	67%

Changes to Operational Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of open Workers' Compensation claims	3,951	4,200	4,200	4,200
Number of new Workers' Compensation claims	1,159	1,200	1,200	1,200
Number of employees trained in safety	454	300	300	300
Number of ergonomic evaluations	32	30	30	30
Total Workers' Compensation costs	$17.2M	$17.7M	$17.3M	$18.1M
Total insurable value of the City's assets	$2.5B	$2.5B	$2.5B	$2.6B
Total number of contracts processed for insurance clearance	2,852	3,500	2,100	1,087*

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

* The 2010-2011 Target for the "Total number of contracts processed for insurance clearance" was reduced from the 2010-2011 Proposed Operating Budget as a result of a re-evaluation of contract activity, the decentralization of contracts below $250,000, and the anticipated decline as discussed above.

Health and Safety Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,334,600	$ 4,414,589	$ 4,462,763	$ 3,731,151	(15.5%)
Non-Personal/Equipment	244,883	345,888	345,888	345,888	0.0%
Total	**$ 4,579,483**	**$ 4,760,477**	**$ 4,808,651**	**$ 4,077,039**	**(14.4%)**
Authorized Positions	**38.50**	**38.50**	**37.10**	**30.10**	**(21.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Risk Management

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Workers' Compensation Claims Staffing	(2.00)	(178,682)	(178,682)
2. Safety and Loss Control Program Staffing	(1.00)	(111,660)	(111,660)
3 Return-to-Work Program Staffing	(1.00)	(109,911)	(109,911)
4. Employee Health Services Staffing	(1.00)	(90,408)	(90,408)
5. Subrogation Decentralization	(1.00)	(89,260)	(89,269)
6. Driver's License Record Program Decentralization	(1.00)	(82,544)	(82,544)
7. Human Resources Department Employee Total Compensation Reduction		(68,147)	(68,147)
8. Human Resources Non-Personal/Equipment and Overtime Funding		(1,000)	(1,000)
2010-2011 Adopted Core Service Changes Total	**(7.00)**	**(731,612)**	**(731,621)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Training and Development

Core Service Purpose

Provide organizational and workforce development programs that build the performance capacity of employees and enable service delivery results that meet customer expectations.

Key Operational Services:

- ☐ **Workforce Planning Strategy**
- ☐ **City-wide Mentoring Program**
- ☐ **City-wide Training**
- ☐ **Leadership Development**
- ☐ **Public Sector Career Initiative**
- ☐ **City-wide Diversity Strategy**

Performance and Resource Overview

Workforce statistics show that of the City's roughly 6,000 employees, one-fourth will likely retire within the next five years. The Human Resources (HR) Department seeks to equip employees at all levels to successfully address staffing and service delivery changes. The Training and Development Core Service contributes to the CSA Outcome: *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.*

Workforce Planning Strategy

Workforce Planning efforts continue at the Water Pollution Control Plant to implement sustainable programs in the critical areas of training and development and knowledge management. Major accomplishments to date include fostering a partnership with the bay area water and wastewater facilities (BAYWORK) working with colleges and workforce boards to create water and wastewater career opportunities and the development of competency maps to be used in hiring, training, and development programs. Over the next year it is anticipated that the Training and Development and Mechanic-in-Training programs will be implemented. City-wide employment services staff have also been trained in developing departmental workforce plans.

City-wide Mentoring Programs

Mentoring is the most cost-effective investment in the City's greatest asset, its workforce. In 2009-2010, the annual six month Mentoring Program boasted 102 participants, an increase from its initial success in 2008-2009 (67 participants). A *Career* Mentoring Program continued to be offered in spring 2010 for employees facing layoff or transition. The program includes 1:1 coaching, networking, and career resources from programs such as work2future and Managed Health Network (MHN), encourage employees to be proactive with their careers during this difficult time.

Core Service: Training and Development

Performance and Resource Overview (Cont'd.)

City-wide Employee Recognition

The second annual city-wide employee appreciation event was held in September 2009 and over 1,200 employees attended the festival-style event which included a lunch, live band, and the recognition of employees by the City Manager for exemplifying the six employee values. As a result of reductions included in the 2010-2011 budget, this annual event will be suspended in 2010-2011.

City-wide Training

Approximately 170 training courses were offered through university/college partners, professional consultants, and City staff trainers in 2009-2010. Reductions in city-wide training funding of $150,000 and the elimination of one of four staff will result in a reduced number of training classes provided (from 170 to 30 classes). The remaining three Training and Development staff will rely on in-house trainers to deliver high priority trainings.

Leadership Development

In 2010, the International Professional Management Association (IPMA), an organization which provides information and assistance to help HR professionals increase their job performance and overall agency function, unanimously recognized San José's premiere ten week Art and Practice of Leadership (APL) program as a successful practice and published this program on their Successful Practices website. In 2009-2010, APL teams worked to improve City practices through streamlining California Environmental Quality Act (CEQA) processes which went into effect in May 2010 and the review of performance measures leading to the reduction of 27 measures in the Adopted Operating Budget for two pilot departments. Staff plans to continue to deliver APL in 2010 as interest remains high.

In 2009-2010 San José's participants in the Management Talent Exchange Program (MTEP), a three month staff rotation in another City, decreased from five to two as City partners undergo the structural reorganization due to budget reductions. In 2010-2011, staff plans to increase San José's participation and to use incoming MTEP staff to complete departmental Beyond Budget Cuts (BBC) change efforts.

Public Sector Career Initiative

The *Students: From Campus to City Hall* website is in its second year of successful service as the primary communication tool for the Public Sector Career Initiative which continues to be a core priority despite the current economic environment. The Management Fellowship Program will be suspended for 2010-2011 due to funding constraints. The city-wide Internship Program saw a decrease in department host opportunities however, robust experiences and student interest remains strong and in 2009-2010 approximately 450 students applied for 22 internship opportunities. A new City Intern Policy is anticipated to be implemented in summer 2010 and a Master Intern Agreement with San José State University is underway.

Core Service: Training and Development

Performance and Resource Overview (Cont'd.)

Diversity

The City continues to advance a Workforce Diversity and Inclusion (D&I) Strategy. Its core message, *Diversity Drives Innovation* focuses on employee training and development. In 2009-2010, City staff delivered trainings including D&I modules for APL and the Leadership & Coaching Academy, the Medici Innovation Training, Generational Diversity, and Team Culture Makeover. New D&I initiatives customized to specific departments are underway and are scheduled to be implemented in 2010-2011 in addition to a 200-person workshop delivered by City staff at the Annual ICMA Conference to be held in San José in October 2010.

Training and Development Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
◎ % of employees rating the effectiveness of training classes as "good" or "excellent" in meeting their principal training objective:				
- Current Job	77%	95%	87%	80%
- Career Development	98%	95%	89%	80%
- Personal Growth	100%	95%	86%	80%
◎ % increase in content knowledge as a result of training:				
- Art and Practice of Leadership	28%	30%	21%	30%
- Leadership & Coaching Academy	18%	25%	24%	25%
◎ % of Supervisors rating improvement in Participants' job performance as "good" or "excellent" :				
- Art and Practice of Leadership	100%	90%	69%	85%
- Leadership & Supervision Academy	74%	85%	50%	85%

Core Service: Training and Development

Performance and Resource Overview (Cont'd.)

Training and Development Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🕐 % of city-wide skill training requests filled within time objectives	94%	90%	98%	85%
🎗 % of customers satisfied or very satisfied with city-wide skill training services (4 or better on a 1-5 scale)	93%	90%	93%	80%
🎗 % of employees who are satisfied or very satisfied with the recognition received for doing a good job	N/A*	N/A*	N/A*	N/A*
🎗 % of hiring managers who believe that candidates (or candidate pools) are "prepared" or "well prepared" to perform successfully in the positions they are seeking	N/A*	N/A*	N/A*	N/A*
🎗 % of hiring managers rating themselves as "prepared" or "well prepared" to meet workforce/ succession planning challenges	N/A*	N/A*	N/A*	N/A*

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* These measures come from the biennial city-wide Employee Survey. The survey was delayed two years (last conducted in 2006). Data from the next survey, to be conducted in fall 2010, will be reflected in the 2011-2012 budget.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimate	2010-2011 Forecast
Number of city-wide mentoring pairs entering/completing Program	105	90	75	50
Cumulative % of supervisory positions that are graduates of the Leadership and Coaching Academy	68%	80%	66%	70%
Catalog Skill Training Courses:				
Number of training classes offered	114	150	170	30
Number of training hours provided	840	450	735	75
Number of training registrations processed	2,289	2,500	1,858	720
Number of training attendees	1,735	2,250	1,577	720

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Core Service: Training and Development

Performance and Resource Overview (Cont'd.)

Training and Development Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 548,629	$ 609,143	$ 524,430	$ 526,334	(13.6%)
Non-Personal/Equipment	18,783	48,500	2,500	2,500	(94.8%)
Total	**$ 567,412**	**$ 657,643**	**$ 526,930**	**$ 528,834**	**(19.6%)**
Authorized Positions	**5.00**	**5.00**	**4.00**	**4.00**	**(20.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Training and Workforce Development Staffing	(1.00)	(89,543)	(89,543)
2. Human Resources Department Employee Total Compensation Reduction		(42,190)	(42,190)
3. Human Resources Non-Personal/Equipment and Overtime Funding		(1,000)	(1,000)
4. Water Pollution Control Plant Succession Planning Continuation	1.00	134,637	0
2010-2011 Adopted Core Service Changes Total	**0.00**	**1,904**	**(132,733)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents the services provided within departments that support and guide the provision of the core services. Strategic Support within the Human Resources Department includes:

Key Operational Services:

☐ **Administration**
☐ **Financial Management**
☐ **Personnel Management**
☐ **Human Resources Systems Management**
☐ **Records Management**
☐ **Customer Service**

Performance and Resource Overview

Strategic Support in the Human Resources Department includes the underlying operational systems for the Department such as personnel, budget, information systems management, records management, and customer service.

Operationally, Strategic Support continues to provide support services to City departments, employees, and the public. Timekeeping, accounts receivable/payable, and general ledger workload continue to be handled by the Finance Department.

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 889,406	$ 834,963	$ 906,087	$ 812,600	(2.7%)
Non-Personal/Equipment	191,074	168,187	168,187	118,187	(29.7%)
Total	**$ 1,080,480**	**$ 1,003,150**	**$ 1,074,274**	**$ 930,787**	**(7.2%)**
Authorized Positions	**6.00**	**6.00**	**6.00**	**6.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Human Resources Department Management and Professional Employees Total Compensation Reduction		(59,965)	(59,965)
2. Human Resources Non-Personal/Equipment and Overtime Funding		(52,000)	(52,000)
3. Human Resources Department Employee Total Compensation Reduction		(31,522)	(31,522)
2010-2011 Adopted Strategic Support Changes Total	**0.00**	**(143,487)**	**(143,487)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Customer Contact Center

Core Service Purpose

Serves as a central point of contact for the City of San José and its residents.

Key Operational Services:

☐ **Utility Services and Billing**
☐ **Internet Self Service**
☐ **General Information Requests**

Performance and Resource Overview

The purpose of the Customer Contact Center Core Service is to respond to requests for information from the public and other City departments on utility services and billing via the phone and the Internet, and provide general City-related information to San José's residents. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

The Customer Contact Center handles approximately 325,000 calls annually. Approximately 70% of the inquiries involve utility services and billing, while the remaining callers request information on a variety of City-related topics. Contact Center staff also process approximately 15,000 web self-service requests and emails from residents per year and operate two customer service areas in City Hall, including the main lobby Information Desk, and a lobby cashiering window for walk-in residents and visitors. Customer Contact Center staff collaborate with other City departments to provide the best service possible while ensuring that information provided to callers is reliable and accurate. One such effort currently underway is a more cohesive, one-stop customer service area on the first floor of City Hall. Staff is working with the departments of Finance and Transportation on the final phase of training.

Increased property foreclosures and liens resulting from the economic downturn have caused a corresponding increase in the volume and complexity of incoming calls. Currently, foreclosures account for 30% of requests to start or stop garbage or water service. Foreclosures also have an impact on revenue as it becomes difficult to determine and locate individuals or business entities responsible for outstanding utility bills. Given the continued financial challenges facing many city residents and the corresponding increase in lien activity for non-payment of utility bills, the Information Technology Department (ITD) anticipates continued increases in call volume and complexity. Other key factors contributing to call volumes and increasing wait times include service concerns and resident inquiries about the Zero Waste pilots; drought inquiries and requests for reallocation of water budgets; annexations of 800-900 households from the County into the City in May 2010; changes to City services as a result of budget actions; and decreases in Contact Center staffing levels.

Core Service: Customer Contact Center

Performance and Resource Overview (Cont'd.)

The increased call volume and complexity of calls coupled with staff vacancies have resulted in increased Customer Contact Center average wait times of almost 3 minutes since October 2009. This measure was added to the Activity and Workload Highlight section in 2009-2010 to reflect customer satisfaction. The forecast for average wait time for 2010-2011 is less than 6 minutes. Also, beginning in 2009-2010, a previous Customer Contact Center performance measure was revised to "% of Customer Service Contact Center calls answered." As a standard metric in the call center industry, this measure better represents service levels in the Customer Contact Center. The target for 2010-2011 remains at 75%. The 2010-2011 target for "% of Customer Contact calls resolved within the first call" is 75%.

The Customer Contact Center is preparing for additional staff reductions. As a result of 2010-2011 reductions (three positions) and the anticipated movement of staff due to Civil Service regulations, it is anticipated that increased hold times and a reduction in service levels will occur. Because Customer Service Representatives are Senior Office Specialists, one of the largest civilian classifications of City employees, issues resulting from civil service "bumping" of trained staff and the corresponding need to retrain new staff will most likely affect the stability of the current Contact Center environment. Over the next 12-18 months, new employees will benefit from the established Contact Center Training Program which will provide progressive education in obtaining the necessary skills of a Customer Service Representative.

Core Service: Customer Contact Center

Performance and Resource Overview (Cont'd.)

	Customer Contact Center Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
◎	% of Customer Contact Center calls answered	NEW	78%	75%	75%
🕒	% of Customer Contact Center calls resolved within the first call	72.5%	75%	72%	75%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of Customer Contact Center calls received	300,583	320,000	328,000	320,000
Average Wait Time	NEW	< 6 minutes	3 minutes	< 6 minutes

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Customer Contact Center Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget*					
Personal Services	N/A	N/A	$ 3,407,641	$ 3,114,085	N/A
Non-Personal/Equipment	N/A	N/A	123,908	122,642	N/A
Total	**N/A**	**N/A**	**$ 3,531,549**	**$ 3,236,727**	**N/A**
Authorized Positions	**N/A**	**N/A**	**37.00**	**34.00**	**N/A**

* The Resource Summary includes all operating allocations within the Department that contribute to the perfomance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Customer Contact Center

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Customer Contact Center Staffing	(3.00)	(294,822)	(48,039)
2010-2011 Adopted Core Service Changes Total	**(3.00)**	**(294,822)**	**(48,039)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Enterprise Technology Systems and Solutions

Core Service Purpose

Manage the City's data so that critical business processes remain operational; determine, develop, implement and support technology solutions that maximize the delivery of enterprise City services.

Key Operational Services:

- ☐ **Business Systems**
- ☐ **E-mail**
- ☐ **Financial Management System**
- ☐ **HR/Payroll System**
- ☐ **Integrated Billing System**
- ☐ **Geographic Information Systems**

Performance and Resource Overview

The purpose of the Enterprise Technology Systems and Solutions Core Service is to determine, develop, support, and administer critical City-wide data systems to ensure that quality and availability of data meet the organizational needs of the City. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

As the Information Technology Department (ITD) continues to reduce service delivery, departments turn to funding technical solutions independently. These solutions often cost more in the aggregate and further silo the organization. Retention of basic and existing functionality of City-wide technologies is already at risk and infrastructure will continue to degrade without substantial investment. In order to achieve operational efficiencies and reduce duplicative services throughout the organization, a multi-year consolidation of technology resources throughout the City including staffing, infrastructure, applications, and tools will begin in 2010-2011. The first phase, which consolidates and standardizes databases to allow staff to more effectively support multiple systems, includes an inventory of resources, skills, processes and tools resulting in a more enterprise-oriented service delivery model.

Given the planned consolidation, the Information Technology Department (ITD) has begun to shift resources among core services to more accurately reflect its new structure. Major changes include moving the "Database Administration" operational service to the "Information Technology Infrastructure" core service. The "Support Departmental Technology Services" core service was deleted as a result of ITD's city-wide focus, and staff in that core service are now included here. In addition, the Customer Contact Center operational service was converted into a core service. As inter- and intra-departmental roles change, it is anticipated that the ITD organizational structure will continue to evolve as well.

Within the constraints of limited funding and minimal staffing levels, ITD strives to ensure enterprise applications remain available, accessible, and current. A customer satisfaction survey measures the percent of customers rating data availability and quality of data as good or excellent.

Core Service: Enterprise Technology Systems and Solutions

Performance and Resource Overview (Cont'd.)

For 2008-2009, the percentage of customers rating availability of data as good or excellent was 58% and those rating the quality of data as good or excellent was 56%. The target for both measures in 2010-2011 is 70%, but with limited IT investments and outdated tools, these performance targets will be difficult to meet.

Vendor maintenance for the City's current Peoplesoft HR/Payroll and Financial Management System (FMS) version will soon reach the end of full support, increasing support costs. In addition, Oracle has announced end-of-life for the platform upon which the City's Integrated Billing System (IBS) application is currently built and will significantly limit the level of vendor support for the product. Staff is evaluating upgrade options and associated costs. Key issues include identifying sustainable funding and resources, as well as minimizing the costs required for any upgrade.

Initially installed in 1989, FMS is based on the Cayenta Financial Management Applications Suite and has been in use for over 20 years. Given that the current version of FMS, Cayenta 7.3, reached end of support in 2009, staff is developing a plan to upgrade to version 7.5. The City is also engaged in planning efforts to transition the IBS system to a new platform given its platform's end of full support in 2011. The goal is to both reduce overall system costs and provide utility services in the most cost-effective manner. Consulting services already have been retained to help identify upgrade and replacement options.

Other efforts underway include an Automated Benefits Billing interface between the HR/Payroll system and the City's RevPlus system for the purpose of invoicing Leave of Absence medical premiums and re-programming of the Benefits eligibility interfaces and reports to allow for improved auditing capabilities. Projects accomplished during 2009-2010 include transition of the application hardware platform to the City's Storage Area Network (SAN) and transition of banking services to the new banking services provider.

IBS provides City staff with management tools to oversee annual revenues approaching $250 million. It is estimated that the City responds to over 340,000 customer inquiries per year with the aid of this application. The system provides revenue management capabilities for the Recycle Plus, Municipal Water, Storm Water and Sanitary programs, Business Tax Licensing and Billing, as well as customer relationship management for these programs and the City's Customer Contact Center. Additional efforts include the second Zero Waste Pilot Program, which went live on March 1, 2010; provision of data for solid waste hauler contract negotiations; activities associated with 800-900 households annexed in May 2010; configuration and development work required for the Muni Water Conservation Program; and migration of the IBS platform to run less expensive hardware.

As resources continue to decline, ITD will focus on maximizing available staffing and non-personal/equipment resources to generate the greatest value for the largest segment of the organization.

Core Service: Enterprise Technology Systems and Solutions

Performance and Resource Overview (Cont'd.)

Enterprise Technology Systems and Solutions Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 % of time system is available during normal business hours				
- E-mail	99.3%	100%	99.5%	99.5%
- Financial Management System	99.5%	99.5%	99.5%	99.5%
- PeopleSoft (HR/Payroll)	99.3%	99.5%	99.5%	99.5%
🎯 % of managers who say employees have the technology tools they need to support their service delivery functions	61.1 %	70%	70%	70%
🎯 % of employees who say they have the technology tools they need to meet their service delivery functions	68.6%	75%	75%	75%
🎗 % of customers rating data availability and quality of data as good or excellent				
- availability	58%	80%	58%	70%
- quality	56%	80%	56%	70%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of centralized E-mail users	9,250	9,000	8,600	8,000
Number of FMS users	660	690	655	650
Number of PeopleSoft users (HR/Payroll)	8,859	8,520	8,465	8,185
Number of application repair requests	2047	2,100	2,100	2,100

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Core Service: Enterprise Technology Systems and Solutions

Performance and Resource Overview (Cont'd.)

Enterprise Technology Systems and Solutions Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 9,513,101	$ 9,484,143	$ 7,369,549	$ 6,726,575	(29.1%)
Non-Personal/Equipment	1,635,912	2,668,972	2,200,997	2,240,153	(16.1%)
Total	**$ 11,149,013**	**$ 12,153,115**	**$ 9,570,546**	**$ 8,966,728**	**(26.2%)**
Authorized Positions	**85.50**	**78.00**	**48.00**	**46.00**	**(41.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Technology Business Applications Management	(2.00)	(321,522)	(197,147)
2. Information Technology Department Employee Total Compensation Reduction		(319,796)	(319,796)
3. Information Technology Overtime Funding		(2,500)	(2,500)
4. Traffic Incident System Management Funding Reallocation		0	(116,132)
5. Rebudget: Filenet Upgrade		40,000	40,000
2010-2011 Adopted Core Service Changes Total	**(2.00)**	**(603,818)**	**(595,575)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Information Technology Department
Strategic Support CSA

Core Service: Information Technology Infrastructure

Core Service Purpose

Enable the availability and relevancy of data and voice communications, and provide direct customer support and training for technology equipment and applications.

Key Operational Services:

- ☐ **Core Infrastructure**
- ☐ **Telecommunications**
- ☐ **Servers**
- ☐ **Desktop Support**
- ☐ **Technical HelpDesk**
- ☐ **Database Administration**

Performance and Resource Overview

The purpose of the Information Technology Infrastructure Core Service is to provide and manage voice and data communication services that enable internal and external customers to connect to City employees, services and systems. In support of the communication network, this core service assists customers in determining the equipment and software necessary for their requirements, and coordinates the installation of, training for, and support of this equipment and software. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

As discussed in the Enterprise Technology Systems and Solutions Core Service, a multi-year consolidation of information technology resources including staffing, infrastructure, applications, and tools will begin in 2010-2011 to achieve operational efficiencies and reduce duplicative services throughout the organization. The first phase consolidates and standardizes databases to allow staff to more effectively support multiple systems. The process will include an inventory of resources, skills, processes and tools resulting in a more enterprise-oriented service delivery model.

ITD already has had success with consolidation through such projects as Active Directory, email consolidation, the Nortel converged network and storage area network. These projects are foundational components of a single city-wide (converged) network allowing users to access City services regardless of their location or department. The converged network services are the backbone for the City's critical voice (VoIP) and data systems.

The bankruptcy and sale of Nortel Enterprises Services to Avaya Corporation delayed the deployment of VoIP at the Police Department (PD) campus. The Department of Justice requires the deployment of supported platforms, requiring the City to seek detailed clarity surrounding the investments made for the PD campus prior to implementation and cutover. However, this clarity was achieved and the ITD and PD initiated implementation in July 2010. The data portion of the project is scheduled for completion by September 2010, while the remainder of the expansion project is currently in the planning phase.

Core Service: Information Technology Infrastructure

Performance and Resource Overview (Cont'd.)

ITD has also achieved success with the storage area network (SAN) project, which has resulted in the consolidation of 33 servers, reducing duplicative services such as file sharing; streamlining critical services such as backups and restores; significantly improving the allocation of storage for enterprise services such as email, HR/Payroll, FMS, and IBS; improved business continuity in the event of a disaster; and contributing to operations in the areas of data security and management. To continue this effort, a virtualization study is underway to consolidate aging server infrastructure to blade servers. Given the anticipated reduction in servers, ITD staff is also working on data center temperature control solutions that would require the usage of less chilled water to achieve more efficient airflow.

As inter- and intra-departmental roles change, it is anticipated that the organizational structure of ITD will continue to change as well. Given the consolidation effort, ITD has begun to shift resources among core services to more accurately reflect its new structure. Major changes include moving the "Database Administration" key operational service from the Enterprise Technology Systems and Solutions Core Service to this core service.

In addition to the technology resource consolidation, ITD is developing a strategy to reduce operating expenses by focusing on solutions that use common "off the shelf" components, such as servers from major manufacturers, and look to cost-effective software as a service (SaaS) provider for self-contained technologies. ITD has begun work on a plan to migrate from a UNIX environment to a much less costly Windows environment that will be used to implement a "proof-of-concept" with the HR/Payroll system.

During 2009-2010, ITD staff completed fiber connectivity to the South San José Police Substation, 55 South Market Street (Mae West Data Center), and Happy Hollow Park and Zoo. In addition to these fiber pulls, ITD continues to work with the Police Department on an analysis of technology needs to open the Police Substation and is working with vendors on price options for more cost-effective alternative internet service at Mae West. ITD staff also completed all other technology components necessary for the opening of Happy Hollow Park and Zoo.

In the area of information security, efforts continue to be made to address the most immediate information security risks identified during the 2008-2009 third-party audit of the City's information security practices. Exposure to these risks continues as the fiscal situation hinders the City's ability to maintain a proactive security program and ongoing budget to address remediation efforts. Since the audit, further reductions have reduced the staffing level to 75% of the number of technical positions in place prior to 2001-2002. However, demands for technology and requirements to ensure the safety of financial and personally identifiable information of customers, as well as increased regulatory compliancy (e.g., PCI [Payment Card Industry] standards for credit card processing) continue to grow. Recent examples of such growth include the Happy Hollow Park and Zoo and downtown parking credit card systems. The City Manager assigned the responsibilities of the Chief Information Security Officer (CISO) to the Chief Information Officer and while ITD's Supervising Applications Analyst assists the CISO in developing, maintaining and managing the technical aspects

Performance and Resource Overview (Cont'd.)

of a security governance program, this position represents less than one-third of the recommended minimum staffing and does not address the budgetary or policy and procedural aspects of the program.

As a result of ongoing budget and personnel reductions, the department has necessarily refocused its remaining resources to address enterprises needs, and legal and financial mandates by maintaining the daily operational requirements of our customers. While the first phase of a reorganization would address duplicative services and is geared towards reducing operating costs in the long term, the 2010-2011 budget reductions represent a continuation of the trend towards service-level reductions as the department continues with its "keep the lights on" strategy.

Information Technology Infrastructure Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
◎ % of network services available 24x7				
Converged City Network	99.64%	99.95%	99.95%	99.95%
- Telephones	99.64%	99.95%	99.95%	99.95%
- Enterprise Servers	99.98%	99.95%	99.95%	99.95%
🎗 % of total customer response with good or excellent rating on availability of network services	65%	80%	70%	75%
🎗 % of customers rating customer support as good or excellent based on:				
- timeliness of response	79%	70%	70%	75%
- satisfaction with resolution	74%	70%	70%	75%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of network outages	9	4	4	4
Number of network outages during normal business hours	N/A*	4	N/A*	N/A*
Average time of network outages during normal business hours	1 hour	2 hours	2 hours	2 hours
Number of telephones (Centrex)	3,000	2,000	2,500	1,500
Number of managed services IP phones	4,000	6,000	5,500	6,000
Number of telecommunication repair orders	3,204	3,500	3,500	3,500
Number of desktop support service requests	14,580	15,000	15,000	15,000

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

* No data is available due to a change in data collection in 2008-2009. This activity and workload highlight will be evaluated next year as part of the annual performance measure change process.

Core Service: Information Technology Infrastructure

Performance and Resource Overview (Cont'd.)

Information Technology Infrastructure Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 5,359,794	$ 5,588,143	$ 5,999,317	$ 5,033,040	(9.9%)
Non-Personal/Equipment	2,479,517	2,809,318	2,660,533	2,970,065	5.7%
Total	**$ 7,839,311**	**$ 8,397,461**	**$ 8,659,850**	**$ 8,003,105**	**(4.7%)**
Authorized Positions	**45.00**	**43.00**	**43.00**	**37.00**	**(14.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Technology Infrastructure Operations Staffing	(3.00)	(438,826)	(330,242)
2. Legacy Telecom Staffing	(2.00)	(262,387)	(262,387)
3. Information Technology HelpDesk Staffing	(1.00)	(145,794)	(145,794)
4. Information Technology Department Employee Total Compensation Reduction		(119,238)	(119,238)
5. Nortel VoIP Maintenance Contract		(115,000)	(115,000)
6. Information Technology Non-Personal/Equipment Funding		(10,000)	(10,000)
7. Information Technology Overtime Funding		(2,500)	(2,500)
8. Rebudget: Converged Network (VoIP) Expansion		300,000	300,000
9. Rebudget: Security Service Needs		137,000	137,000
2010-2011 Adopted Core Service Changes Total	**(6.00)**	**(656,745)**	**(548,161)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Information Technology Department

Strategic Support CSA

Core Service: Support Departmental Technology Services*

Core Service Purpose

Determine, develop, implement and support technology solutions that maximize the delivery of Technology Services for City Service Areas and ensure optimal resource utilization of technology investments across the city-wide organization.

Key Operational Services:

☐ **Public Safety Support**
☐ **Community and Economic Development Support**
☐ **Environmental and Utility Services Support**
☐ **Neighborhood Services Support**
☐ **Mayor, Council and Appointees Support**

Performance and Resource Overview

Support Departmental Technology Services Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast* 3	2010-2011 Adopted* 4	% Change (2 to 4)
Core Service Budget **					
Personal Services	$ 1,671,162	$ 1,471,821	N/A	N/A	N/A
Non-Personal/Equipment	0	0	N/A	N/A	N/A
Total	**$ 1,671,162**	**$ 1,471,821**	**N/A**	**N/A**	**N/A**
Authorized Positions	**11.00**	**10.00**	**N/A**	**N/A**	**N/A**

* Beginning in 2010-2011, Support Departmental Technology Services Core Service will no longer appear as a result of the Information Technology Department's city-wide focus. Positions and performance measures previously displayed in this core service are now displayed in the Enterprise Technology Systems and Solutions Core Service.

** The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support

Strategic Support Purpose

Strategic Support represents services provided within the Department that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support at an operational level, those are not presented separately in this document. Instead, the resources are allocated to each core service according to the level of support provided. Similarly, performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery. Strategic Support within Information Technology Department includes:

Key Operational Services:

- ☐ **Clerical Support**
- ☐ **Financial Management**
- ☐ **Procurement Support**
- ☐ **Special Projects**

Performance and Resource Overview

The purpose of Strategic Support is to provide support to the remaining core services within Information Technology Department (ITD), thereby enabling the Department to achieve optimum service delivery and contribute to the Strategic Support CSA's Outcome: *Effective Use of State-Of-The-Art Technology.*

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 913,238	$ 769,639	$ 761,793	$ 682,581	(11.3%)
Non-Personal/Equipment	341,813	304,776	204,776	287,776	(5.6%)
Total	**$ 1,255,051**	**$ 1,074,415**	**$ 966,569**	**$ 970,357**	**(9.7%)**
Authorized Positions	**6.00**	**5.00**	**5.00**	**5.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Information Technology Department Management and Professional Employees Total Compensation Reduction		(44,296)	(44,296)
2. Information Technology Department Employee Total Compensation Reduction		(34,916)	(34,916)
3. Rebudget: Technical Training		83,000	83,000
2010-2011 Adopted Strategic Support Changes Total	**0.00**	**3,788**	**3,788**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Core Service Purpose

Plan, design and construct public facilities and infrastructure.

Key Operational Services:

☐ **Airport Infrastructure**
☐ **Parks and Recreation Facilities**
☐ **Public Buildings**
☐ **Public Safety**
☐ **Streets and Transportation Facilities**
☐ **Storm Sewers and Sanitary Sewers**

Performance and Resource Overview

Public Works Department's responsibilities in this core service focus on the plan, design and construction of public facilities and infrastructure. This core service supports a number of other City Service Areas (CSAs), including Transportation and Aviation Services, Public Safety, Neighborhood Services, and Environmental and Utility Services. It is a primary partner in the Strategic Support CSA and supports the following outcome: *Safe and Functional Public Infrastructure, Facilities, and Equipment.*

The City's Capital Improvement Program (CIP) continues to bring significant improvements that meet the needs and expectations of San José residents. Recent highlights of the program include completion of the East San José Carnegie Library, Santa Teresa Branch Library, Fire Stations 2 and 19, the Airport North Concourse project, the Happy Hollow Park and Zoo - zoo and attractions phase, and sewer rehabilitation. All of these projects address the need of a growing City population. The Public Works Department is able to provide a variety of services depending upon client departments' needs. These services include, but are not limited to design, engineering, inspection, construction management, and other technical services such as materials testing surveying and labor compliance.

In 2010-2011, it is anticipated that the Public Works Department will deliver approximately 52 capital improvement projects with a total estimated construction cost of approximately $169.9 million. Compared with prior years, this is a lower level of activity, which primarily reflects the approaching completion of Library, Parks and Public Safety bond programs as well as the completion of Airport projects. In 2009-2010, 229.28 capital-funded Public Works positions were approved for the City's CIP. With the knowledge that the Airport and many bond projects will be completed by January 2011, the Department eliminated approximately 22 capital-funded positions in this budget. This reduction, combined with position eliminations approved by City Council on November 17, 2009, represents a 13% position reduction from the 2009-2010 Adopted Budget level.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Performance and Resource Overview (Cont'd.)

Airport Infrastructure

The Public Works Department contributes to the implementation of the Airport Master Plan by providing engineering and construction management services for the Airport CIP. Several improvement projects were completed by summer 2010 including: Phase I of Terminal B, the phased tear-down of Terminal C, and improvements to Terminal A, all projects within the Terminal Area Improvement Program (TAIP); construction of a Consolidated Rental Car Facility; and reconstruction of roadways and new bridges. In addition, various landscaping, signage and tenant improvement packages are being constructed in support of the TAIP. Phase II of the TAIP, including Phase II of Terminal B, is contingent upon growth in passenger demand and is unlikely to occur until economic conditions improve. Other projects currently underway include the design and construction of new surface parking areas located by the new Terminal B, reuse of the area currently used by rental car operations, South Apron replacement, and Taxiway extension and reconstruction.

Streets and Transportation Facilities

The overall size of the Traffic Program decreased from $250.6 million in the 2010-2014 Adopted CIP to $177.3 million in the 2011-2015 Adopted CIP, reflecting a significant decrease in development-related taxes only partially offset by increased funding from State and federal pavement maintenance grants. The workload for the Public Works Department will be further reduced by a change in delivery strategy that has the Department of Transportation doing more of the work in-house. The 2010-2011 streetlight program will be limited to San Jose Redevelopment Agency/Strong Neighborhoods Initiative-funded pedestrian lighting projects, Community Development Block Grant-funded streetlight projects, and monitoring new technology trends for street application that will reduce maintenance and operating costs.

Parks and Recreational Facilities and Public Buildings

The Public Works Department is working closely with the Parks, Recreation and Neighborhood Services Department and the Library Department on a variety of renovation, improvement and trail projects. In 2009-2010, beneficial use of Happy Hollow Park and Zoo - zoo and attractions project phase was completed. Construction was completed on East San José Carnegie and Santa Teresa Branch Libraries, the Seven Trees Community Center and Branch Library, Kirk Center Renovation, Lake Cunningham Skatepark Sports Lighting, Albertson Parkway and Coyote Creek (Tully Road to Los Lagos Golf Course) Trails and several other smaller projects. In 2010-2011, the Happy Hollow Park and Zoo pedestrian bridge and parking lot, the Bascom Library and Community Center, and the Educational Branch Library are scheduled for completion. Nisich Park began construction in summer 2010, and the artificial turf sports fields at Solari and Mise Parks were at design phase. Due to the City of San José's current General Fund budget constraints and its related reductions, many new parks facilities are on hold as the focus is on trail, infrastructure backlog and sports field renovation projects, which have minimal or no operating and maintenance impact

Performance and Resource Overview (Cont'd.)

Parks and Recreational Facilities and Public Buildings (Cont'd.)

to the General Fund. With these changes and impacts, some project schedules may require additional refinement.

Public Safety

The Public Works Department provides design and construction services for the improvements to public safety buildings and sites, which are part of the $159 million Public Safety Bond Program, funded by the Neighborhood Security Act Bond Measure. In addition to providing technical services, the Public Works Department, in a collaborative effort with Police and Fire Departments, provides program management, financial planning and monitoring, and coordination of the Public Safety Citizen's Oversight Committee. In 2009-2010, the Department awarded the construction contract for Fire Station 36 and completed the land acquisition for Fire Station 21. The relocation of Fire Station 19 is scheduled for completion in September 2010 along with the rebuild of Fire Station 2. Fire Station 37 is currently in the design phase and is scheduled to begin construction in 2010-2011. In addition, construction continued on the approximately 120,000 square foot Police Substation, of which the completion is anticipated in fall 2010. However, due to the significant operating and maintenance impact on the General Fund, the opening of the Police Substation will be deferred until September 2011 in order to coincide with the fall 2011 sworn shift change.

Storm Sewers and Sanitary Sewers

The Public Works Department is responsible for providing master planning, design and construction management services, and financial management of the Storm Sewer and Sanitary Sewer CIP. The 1,000-mile Storm Sewer System collects and conveys storm water runoff to nearby creeks and rivers. Projects in the 2011-2015 CIP include the installation of technology and/or infrastructure to improve the capacity of the storm drain collection system and the reliability of storm pump stations, and to minimize ponding in residential areas. The largest projects involve Master Planning, rehabilitation of sewers in the Alviso area, improving storm drainage along special corridors, and improvements in the Willow Glen neighborhood.

The Sanitary Sewer System consists of approximately 2,200 miles of sewer mains ranging from six to 90 inches in diameter. The system serves the City, as well as three other jurisdictions, and conveys sewage to the San José/Santa Clara Water Pollution Control Plant. Funding in the Sanitary Sewer Capital Program totals $152.4 million over the 2011-2015 Adopted CIP. Over the next five years, the majority of program funding ($87.7 million) will focus on high priority capacity enhancement projects, which have been identified in the Sanitary Sewer Capacity Assessment Master Plan Phase I. Rehabilitation ($39.3 million) makes up 30% of total construction in this CIP. The Non-Construction budget ($21.1 million) will fund various programs in support of the Sanitary Sewer CIP, including the Flow Monitoring Program, Condition Assessment Program, Master Planning Updates and Odor Control Program.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Performance and Resource Overview (Cont'd.)

Performance Overview

For 2010-2011 the "% of projects completed within the approved baseline budget" performance measure has been revised slightly to include projects that are completed within 101% of the baseline budget as "on budget." For 2009-2010, it is estimated that 79% of the projects will be on-budget which falls short of the 90% target. The Department has continued to receive challenging projects with unforeseen site conditions, scope and equipment change issues during construction, utility coordination delay, and bid protest delay. These factors have all impacted project budgets despite strong efforts by staff to prevent and mitigate them. On-budget performance is expected to improve in the next reporting period as a result of lower construction costs that have come from the very competitive bidding climate. The projects included in the analysis were bid and awarded prior to the favorable bidding climate that currently exists.

In 2009-2010, it is estimated that 73% of the projects will be on-time, which falls short of the 85% target. As with the on-budget performance, a number of factors outside of staff control created schedule impacts: unforeseen site conditions, community-driven scope changes, contractor equipment order delay, and outside agency permit delay.

The delivery cost % (the ratio of soft to hard costs) measure was significantly changed in 2009-2010 to reflect the Department's performance at a programmatic level, instead of project-by-project, which better represents overall staff performance. The measure now separately tracks projects greater than and less than $500,000. Projects less than $500,000 tend to have a higher delivery cost ratio because of the inherent base level of work required to successfully deliver a project coupled with the relatively lower construction costs. It is also important to note that construction costs have diminished extraordinarily due to below market-rate bids; a side-effect of a slow economy. Accordingly, the performance in this range is 57% for 2009-2010. The California CIP Benchmarking Study has not yet determined an industry norm for projects less than $500,000 and it will be introduced as soon as it is established. For projects greater than $500,000 the performance is estimated to be 36%, which is significantly better than the industry norm of 41% established by the California CIP Benchmarking Study. This is highly commendable and reflects the strong systemic efforts of Department staff to control delivery costs.

Finally, in the area of customer satisfaction, survey results of 87% (down slightly from 90% in 2008-2009) of projects with a good or excellent rating exceeds the 80% target, and is indicative of the dedication of Department staff to quality and customer service.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Performance and Resource Overview (Cont'd.)

Plan, Design and Construct Public Facilities and Infrastructure Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 % of projects completed within the approved baseline budget*	89%	90%	79%	90%
$ Departmental project delivery costs compared to target industry norm				
Projects ≤ $500,000	N/A	N/A	57%	TBD**
Projects > $500,000	N/A	N/A	36%	41%
🕒 % of projects designed and constructed by Public Works within approved baseline schedule	90%	85%	73%	85%
🎖 % of projects rated as good or excellent based on the achievement of project goals and the quality of the overall final product	94%	80%	87%	80%

Changes to Performance Measures from 2009-2010 Adopted Budget: Yes[1]

* Projects are considered "completed" when final cost accounting has occurred and the project has been accepted; projects are considered "on budget" when the total expenditures do not exceed 101% of the baseline budget.

** A California CIP Benchmarking Study industry norm for projects ≤ $500,000 has not yet been established.

[1] Changes to Performance Measures from 2009-2010 Adopted Budget:

✕ "% of delivered projects that attain established design and construction goals" was deleted, as this measure currently relies on internal data that focuses more on adherence to regulatory, policy, and procedural requirements than project-specific goals.

↺ "% of projects delivered at or below the 75th percentile of delivery costs for similar projects by large California cities" was changed to better explain the ratio of project soft (delivery) costs to hard (construction) costs as characterized by the California Multi-Agency CIP Benchmarking Study. This annual study publishes an "industry norm" project delivery (soft/hard) cost ratio as derived from data contributed by California's seven largest cities. The revised performance measure will evaluate Public Works' performance at an overall program level (instead of project-by-project) and compare the average delivery cost ratio to the industry norm per the Benchmarking Study. In addition, the comparison will be made for two project size categories (≤ $500k and >$500k) in recognition of the fact that smaller projects tend to have a higher delivery cost ratio.

↺ "% of customers rating design and construction services as good or excellent based on accuracy, timeliness, and quality of final product" was revised to clarify that this indicator measures customer satisfaction based on pre-established goals.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast*	2009-2010 Estimated**	2010-2011 Forecast*
Number of construction projects delivered	61	50	50	52
Total construction cost of projects***	$80,112,000	$140,696,000	$287,180,000	$169,963,000

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

* The 2009-2010 Forecast and 2010-2011 Forecast figures represent projects anticipated to be completed in 2009-2010 and 2010-2011.

** These projects include the Airport North Concourse project with a construction cost of $233.5 million.

*** For multi-year projects, the total construction costs are reflected in the year the project is completed rather than spread over multiple years.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Performance and Resource Overview (Cont'd.)

Plan, Design, and Construct Public Facilities and Infrastructure Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 32,893,369	$ 29,843,335	$ 30,852,321	$ 28,498,573	(4.5%)
Non-Personal/Equipment	433,474	409,186	944,090	937,090	129.0%
Total	**$ 33,326,843**	**$ 30,252,521**	**$ 31,796,411**	**$ 29,435,663**	**(2.7%)**
Authorized Positions	**247.11**	**241.78**	**232.67**	**210.97**	**(12.7%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Right-Sizing of Capital Improvement Program Staffing	(21.70)	(2,320,825)	0
2. Public Works Department Management and Professional Employees Total Compensation Reduction		(25,505)	0
3. Vehicle Maintenance Staffing and Contractual Services		(7,000)	(7,000)
4. Public Works Department Total Employee Compensation Reduction		(4,231)	(4,231)
5. Public Works Department Director's Office		(3,187)	(3,187)
2010-2011 Adopted Core Service Changes Total	**(21.70)**	**(2,360,748)**	**(14,418)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents services provided within departments to support and guide the provision of core services. Strategic Support within the Public Works Department includes:

Key Operational Services:

☐ **Equality Assurance**
☐ **Public Outreach/Information**
☐ **Strategic Planning/Leadership**
☐ **Geographic Information Systems/Infrastructure Management**
☐ **Human Resources**
☐ **Capital Project Management System**
☐ **Budget Development/Staffing Plan**
☐ **Financial and Contractual Administration**

Performance and Resource Overview

Strategic Support for the Public Works Department within the Strategic Support CSA provides the following services:

Equality Assurance

The Office of Equality Assurance provides labor compliance and Americans with Disabilities Act (ADA) oversight to City departments, the San Jose Redevelopment Agency (SJRA), the Airport, and the contracting community. Services are performed while ensuring the City's compliance with all applicable laws and regulations. Services include certified payroll review, on-site employee interviews, investigating and resolving wage claims and violations, providing labor compliance training to the contracting community, evaluating City compliance with ADA requirements, and responding to disability access issues.

Public Outreach/Information

This program conducts outreach activities to small and local businesses, promotes department contract and consultant opportunities to the business community, and provides construction updates to those neighborhoods heavily impacted by multiple construction projects. Outreach activities include quarterly and annual educational presentations targeted at small and local businesses, inter-departmental development of a capital project-related small business tracking system, and improvements to the Capital Project Management System (CPMS) database to allow for online registration to deliver email notifications of construction contract and consultant opportunities.

Performance and Resource Overview (Cont'd.)

Strategic Planning/Leadership

This work unit provides strategic planning and policy development for the Public Works Department and the Capital Improvement Program, impacting multiple CSAs. The Public Works Director's Office provides process and policy guidance in areas such as Green Building, cost estimation, and service delivery options (including design/build) to promote the timely delivery of quality projects and services.

Geographic Information Systems/Infrastructure Management

This work unit updates the City's Geographic Information System (GIS) base maps, provides a variety of GIS data products and tools, and coordinates the Infrastructure Management System. The GIS maps include data layers on parcels, streets, storm sewers, sanitary sewers, water lines, and streetlights.

Human Resources

This work unit provides human resource-related services including recruitment, performance appraisals, training, safety, benefits, workers' compensation, return-to-work, employee placement, and ergonomic programs, and the Employee Recognition Program to support all Public Works functions.

Capital Project Management System (CPMS)

The CPMS database is an enterprise software application that provides tools for project management including project cost estimating, resource planning, financial data tracking, contract management, performance measurement, and public outreach. The database is a web-based application with process automation and wireless access capability. In addition, this database includes cFiles, a city-wide record drawing and map repository.

Budget Development/Staffing Plan

This work unit coordinates with operational divisions inside and outside of the Public Works Department to develop and monitor the department's capital and operating budgets and determine necessary staffing for project delivery responsibilities. The development of an accurate staffing plan is even more important as the size of the capital program continues to shrink over the coming years.

Financial and Contractual Administration

This work unit provides fiscal management, accounting services, budget analysis, and centralized contract administration for the department; assists the public with construction issues; and invites construction project bids through a bid hotline and the Internet.

Strategic Support

Performance and Resource Overview (Cont'd.)

Selected Operational Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 % of reviewed projects that attain established labor compliance goals by project completion	66%	85%	85%	90%

Changes to Operational Measures from 2009-2010 Adopted Budget: Yes[1]

[1] Changes to Operational Measures from 2009-2010 Adopted Budget:
✗ "Cost of labor compliance services as a percentage of total $ amount of contracts with wage requirements" was deleted, as this measure was determined to not be useful in measuring Department performance.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of contracts with wage requirements	672	800	800	700
Number of contracts with labor compliance violations identified	93	40	60	40
Number of contractors' employees owed restitution	439	200	300	200
Total $ amount of restitution owed to employees	$351,000	$100,000	$600,000	$100,000

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 6,943,441	$ 5,221,254	$ 5,345,854	$ 4,647,738	(11.0%)
Non-Personal/Equipment	3,644,885	1,906,475	1,329,074	1,165,439	(38.9%)
Total	**$ 10,588,326**	**$ 7,127,729**	**$ 6,674,928**	**$ 5,813,177**	**(18.4%)**
Authorized Positions	**54.26**	**38.36**	**37.56**	**32.50**	**(15.3%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Public Works Program Support	(3.66)	(457,181)	0
2. Public Works Department Director's Office	(0.90)	(183,019)	(131,111)
3. Public Works Non-Personal/Equipment Funding		(75,000)	(75,000)
4. SJRA Budget Reduction – Office of Equality Assurance	(0.50)	(70,710)	(70,710)
5. Public Works Department Management and Professional Employees Total Compensation Reduction		(63,615)	(3,708)
6. Public Works Department Total Employee Compensation Reduction		(27,396)	(27,396)
7. Office of Equality Assurance Staffing		15,170	(40,261)
2010-2011 Adopted Strategic Support Changes Total	**(5.06)**	**(861,751)**	**(348,186)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Retirement Plan Administration

Core Service Purpose

Implement policies and procedures to deliver retirement benefits and maintain the retirement plans.

Key Operational Services:

- ☐ **Supervise Investment of Plan Assets**
- ☐ **Administer Retirement Benefits**

Performance and Resource Overview

The purpose of the Retirement Plan Administration Core Service is twofold. One purpose is to deliver retirement benefits to the retired employees of the City of San José as well as educate and administer the retirement plans to active and future employees. The other purpose is to maintain fiscally sound retirement plans. The Retirement Plan Administration Core Service supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.* The Department of Retirement Services (DRS) is organized into the following operational services below, which are key to meeting the mission of the core service:

Supervise Investment of Plan Assets

To maintain a fiscally sound plan, DRS staff supervises the investment of assets and liabilities of the retirement plans. There are two separate funds/plans, one for the Police and Fire Department Retirement Plan (P&F) and the other for the Federated City Employees' Retirement System (FCERS). The Investment Division (Investments) monitors the external investment managers and ensures that they comply with the Retirement Boards' investment policies and guidelines. Investments oversees approximately $4.0 billion in assets, as of December 31, 2009, including ten real estate properties in seven states. This is a change from 2008-2009 assets of $3.4 billion. For the calendar year ending December 31, 2009, the P&F and FCERS Plans' annual net time-weighted rate of returns were 19.9% and 19.7%, respectively.

The Plans use Investment Policies to control the overall risk of the portfolios. Both Plans have recently completed Asset-Liability Studies, and are in the process of aligning investment returns with pension liabilities. The new portfolio allocation will reduce the Plans' exposure to general market risk by improving the long-term allocation to alternative investments that are not correlated to public market activity and result in a shift from active management to passive management that is projected to result in a reduction of approximately $2.5 and $4.0 million in investment manager fees for P&F and FCERS, respectively. In order to properly manage and monitor the new asset allocation, which includes absolute return, real assets, private equity, and opportunistic strategies, DRS added additional qualified staff in 2009-2010 to provide necessary oversight.

Supervise Investment of Plan Assets (Cont'd.)

Each year the Retirement Boards' investment committees approve a work plan with projects for the year. Projects may include reviewing the asset allocation of the plan, updating the investment policy, and determining the added value and risk of a specific investment or the performance of specific money managers (see Performance Summary for more information on the percentage of reports completed on time).

In addition to monitoring Plans' assets, the Investment Division monitors and works with the Plans' actuaries to ensure the plans have adopted and implemented the most appropriate rates, assumptions, and methodologies to obtain full funding ratios. As of June 30, 2009, the Plans' most recent pension and other post-employment benefits (OPEB) valuations (the actuarial assumption for the net rate of return that will be earned on P&F and FCERS) are 8.00% and 7.75%, respectively. The impact of the differences between the actual rate of return earned and the actuarial assumptions will result in an investment loss or gain that will be reflected in the pension liability in the next pension valuation scheduled for June 30, 2010.

Administer Retirement Benefits

The administration of retirement benefits includes counseling and verifying benefits for eligible recipients, enrolling eligible retirees and/or beneficiaries in the health and dental plans, and providing educational services for the Plans.

The administration of retirement benefits, which includes pension and OPEB, is performed by the Benefits Division (Benefits) of DRS. Retirement benefits include, service retirement, service connected disability, non-service connected disability, early retirement, survivorship (survivor of an active employee), continuance (survivor of a retired employee), reciprocity with other California public pension systems, deferred vested retirement, separate account divorce orders, and medical and dental coverage. Benefits provides retirement planning and counseling to active employees; meets with prospective retirees and their spouses or domestic partners to facilitate a smooth transition into retirement; and provides counseling in the event of an active, retiree, or retiree spouse's death. In 2009-2010, Benefits searched for new innovative service delivery models to accommodate the increased flow of retirements. For the first time, Benefits utilized group retirement counseling sessions to provide a large number of members with pertinent and consistent information regarding their retirement benefits and pension applications without the need for individual counseling sessions. However, individual follow-up sessions are available and provided. In 2008-2009, staff counseled 381 members or their families through the retirement benefit process.

In addition, Benefits provides educational services such as a seven-week comprehensive course on retirement planning (CHOICES), lunchtime "brown bag" seminars, and counseling to retired employees and their beneficiaries.

Core Service: Retirement Plan Administration

Performance and Resource Overview (Cont'd.)

Administer Retirement Benefits (Cont'd.)

The "brown bag" seminars are designed to include topics of value for active employees and retirees. Interest in the seminars continues to be strong, with 1,923 active employees and retirees attending approximately 71 classes in 2008-2009 and 1,408 attendees for 2009-2010.

	Retirement Plan Administration Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯	% of employees that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	98%	98%	98%	98%
🎯	% of portfolios analyzed for compliance with investment policy	100%	100%	100%	100%
$	Administrative cost of City plans compared to similar plans*	(14%)	N/A	N/A	N/A
🕒	Information needed by the Boards and members is delivered in the agreed upon time frame	93%	96%	95%	96%
🎗	% of Boards and members that rate department services as very good or excellent based on accuracy and usefulness of work	86%	85%	100%	85%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* Data not available due to recent variations in public pension plans administrative cost reporting. This performance measure will be evaluated next year as part of the annual performance measure change process.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of active & retired members surveyed	52	70	44	70
Number of employees reporting a positive impact	51	68	43	68
Number of portfolios	61	60	52	60
Number of portfolios analyzed annually	61	60	52	60
Administrative cost per $1 million of assets: *				
-Combined City Plans	N/A	N/A	N/A	N/A
-Average of similar plans	N/A	N/A	N/A	N/A

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* Data not available due to recent variations in public pension plans administrative cost reporting. This performance measure will be evaluated next year as part of the annual performance measure change process.

Core Service: Retirement Plan Administration

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Assignments by Board members completed on time	89%	89%	87%	89%
Boards' assignments to be completed	4	4	4	4
Investment committee workplan projects	28	30	18	20

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Retirement Plan Administration Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,146,105	$ 3,952,688	$ 3,104,440	$ 3,126,044	(20.9%)
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	**$ 3,146,105**	**$ 3,952,688**	**$ 3,104,440**	**$ 3,126,044**	**(20.9%)**
Authorized Positions	**26.85**	**30.85**	**22.98**	**23.23**	**(24.7%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Administrative Support Staffing	0.25	21,604	0
2010-2011 Adopted Core Service Changes Total	**0.25**	**21,604**	**0**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Retirement Services Department
Strategic Support CSA

Strategic Support

Strategic Support Purpose

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Retirement Services Department includes:

Key Operational Services:

- ☐ **Management of Trust Funds**
- ☐ **Financial Management/Contract Administration**
- ☐ **Information Technology**

Performance and Resource Overview

The purpose of Strategic Support is to provide support to the Retirement Plan Administration Core Service, thereby enabling the Retirement Services Department to achieve optimum service delivery and contribute to the Strategic Support CSA's outcome: *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.*

Management of Trust Funds

The Management of Trust Funds key operational service manages the Trust, serves as liaison between the City and Boards of Administration for the Police and Fire Retirement Plan (P&F) and Federated City Employee Retirement System (FCERS) and prepares Board agendas and communications. The Management of Trust Funds manages and supports a total of 33 staff and two seven-member Boards of Administration. This program also analyzes, develops and recommends retirement policy and industry best practices for mid-size pension plans for the Plans. Recommendations are made on specific issues, policies and procedures related to mid-size public plans. In 2009, the Boards of Administration for the P&F and FCERS Plans approved the Management of Trust Funds and legal counsel research, which outlined the steps necessary to prepare the Plan documents for IRS tax exemption compliance review.

In addition, the Management of Trust Funds administers and, where applicable, works with the Plans' legal counsel to review retirement benefit activities for compliance with Board direction, Municipal Code requirements, Internal Revenue Code, and to adhere to industry best practices for mid-size pension plans.

Performance and Resource Overview (Cont'd.)

Financial Management/Contract Administration

The Financial Management/Contract Administration key operational service maintains all accounting records for the Trust Funds; handles monthly pension disbursements of approximately $21 million to 4,500 retirement beneficiaries; accounts for net plan assets of approximately $4 billion and approximately 54 individual money managers (investing $10 to $400 million each with annual money manager fees of $16 million in 2008-2009); and prepares the Trust Fund's Comprehensive Annual Financial Reports (CAFR) and California State Controller Reports.

Information Technology

The Information Technology (IT) key operational service provides all information technology support to the Retirement Services Department including on-site support for the Pension Gold retirement administration system and on-line web member services; interfaces with the City's payroll, accounting, and e-mail systems; and maintains the Retirement Services website and other communication systems. This program also provides information technology support to Board members and approximately 4,500 benefit recipients. The IT program also manages and provides stand alone server support for the Plans.

The Retirement Services Department's (DRS) website, www.sjretirement.com, continues to be a useful tool and source of current and historical information to members and the public. In 2009-2010, the IT group within DRS that maintains and monitors the Retirement Services website enhanced the on-line Board meeting agendas to include on-line access (in the form of hyperlinks) to public agenda support items. The website also continues to offer "online enrollment" for the annual medical open enrollment period and extends the use of open enrollment to all qualifying members regardless of age.

Strategic Support

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 267,823	$ 273,498	$ 1,352,958	$ 1,282,410	368.9%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	**$ 267,823**	**273,498**	**$ 1,352,958**	**$ 1,282,410**	**368.9%**
Authorized Positions	**2.40**	**2.40**	**10.27**	**10.27**	**327.9%**

* The Resource Summary includes all operating allocations within the Department that contribute to the perfomance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Retirement Services Department Management and Professional Employees Total Compensation Reduction		(70,548)	
2010-2011 Adopted Strategic Support Changes Total	**0.00**	**(70,548)**	**0**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

2010-2011

OPERATING BUDGET

STRATEGIC SUPPORT
CSA

MAYOR,
CITY COUNCIL
AND
APPOINTEES

Strategic Support

Mayor, City Council and Appointees

Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services. Council Appointees support and advance the collective work of the City organization through leadership, communication, and coordination*

Mayor and City Council

- Office of the Mayor
- City Council
- Council General

Office of the City Attorney

- Legal Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

- Analyze, Develop, and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery

Office of the Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Redevelopment Agency

- Core Services aligned to the Community and Economic Development CSA

Mayor, City Council and Appointees

Expected Service Delivery

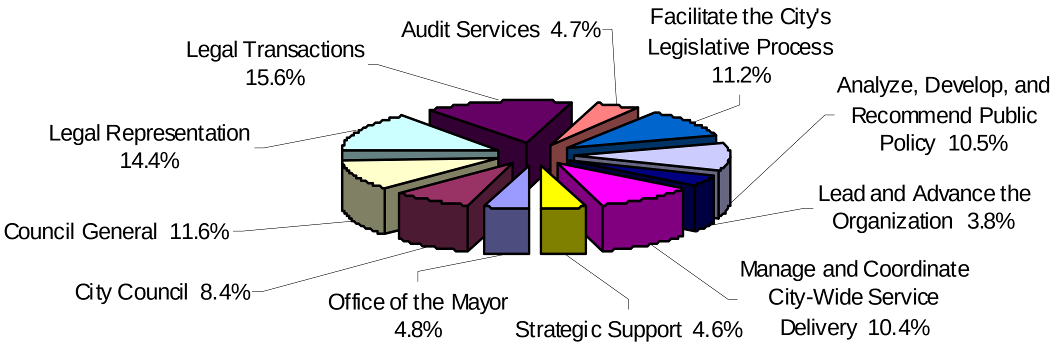
- ❑ Provide political guidance and leadership, explain City policy and programs to the community, and develop and propose fiscal priorities for the City of San José.
- ❑ Manage day-to-day operation of the City organization to execute the City Council's policy direction.
- ❑ Ensure that the community receives customer-focused, results driven services.
- ❑ Determine policy through adoption of ordinances, resolutions, and motions subject to provisions of the City Charter and State Constitution.
- ❑ Serve as legal counsel to the City of San José and the San Jose Redevelopment Agency (SJRA).
- ❑ Advocate, defend, and prosecute legal matters on behalf of the City and SJRA.
- ❑ Conduct program performance audits to identify additional revenue sources and cost savings.
- ❑ Prepare audit recommendation reports for the City Council and follow up with departments on audit recommendation follow-through.
- ❑ Maintain Sunshine/Open Government Reforms to provide more transparent legislative services.
- ❑ Conduct elections for the Mayor, City Council Members, Charter amendments, bonds, and ballot measures in accordance with City Charter and State Elections Code.

Impacts of Budget Actions

- ❑ The City Council Appointee Offices' employee compensation reductions generated approximately $1.90 million in General Fund savings ($1.92 million all funds).
- ❑ City Manager's Office elimination of the vacant Public Policy Director position and holding a senior management position vacant will reduce regional intergovernmental relations efforts and critical management oversight of the City organization.
- ❑ City Manager's Office Video/Multimedia service delivery model change will eliminate two filled positions and contract out services to broadcast City Council, Council Committee and other public meetings.
- ❑ Attorney's Office reduction in legal administrative support staffing (three positions that became vacant in May 2010) will require the Office to modify operations to address workload priorities, and turnaround times may increase on lower priority assignments.
- ❑ Attorney's Office elimination of one vacant Deputy City Attorney position will result in reduced legal service levels, and turnaround times may increase on lower priority assignments.
- ❑ Auditor's Office elimination of one vacant Program Performance Auditor I position may result in fewer audit recommendations.
- ❑ Clerk's Office records request and research analytical support staffing alignment may result in increased response times to inquiries from the public and City staff regarding Sunshine Task Force/Open Government reforms and other ethics compliance related requests.

BUDGET SUMMARY

2010-2011 Total Operations by Core Service



Mayor, City Council and Appointees Budget Summary

Dollars by Core Service					
Mayor and City Council					
Office of the Mayor	$ 1,210,566	$ 2,186,591	$ 1,571,733	$ 1,987,254	(9.1%)
City Council	2,626,716	3,359,490	2,872,790	3,448,266	2.6%
Council General	4,119,621	4,706,046	5,059,075	4,786,325	1.7%
Office of the City Attorney					
Legal Representation	7,384,612	6,912,885	7,402,387	5,912,311	(14.5%)
Legal Transactions	6,128,127	6,558,084	7,295,432	6,411,356	(2.2%)
Strategic Support	1,591,653	1,416,370	1,544,978	1,295,721	(8.5%)
Office of the City Auditor					
Audit Services	2,487,862	2,268,372	2,330,989	1,917,008	(15.5%)
Strategic Support	5,925	110,417	113,942	108,568	(1.7%)
Office of the City Clerk					
Facilitate the City's Legislative Process	3,820,550	3,871,987	3,020,825	4,628,569	19.5%
Strategic Support	116,553	220,947	232,418	121,315	(45.1%)
Office of the City Manager					
Analyze, Develop, and Recommend Public Policy	4,525,966	4,610,504	5,111,204	4,326,613	(6.2%)
Lead and Advance the Organization	1,677,488	1,454,578	1,661,297	1,584,128	8.9%
Manage and Coordinate City-Wide Service Delivery	5,546,399	4,878,665	4,994,804	4,282,391	(12.2%)
Strategic Support	143,137	551,971	532,876	389,737	(29.4%)
*Office of the Independent Police Auditor**					
Total	**$ 41,385,175**	**$ 43,106,907**	**$ 43,744,750**	**$ 41,199,562**	**(4.4%)**
Authorized Positions	**216.62**	**207.69**	**196.75**	**183.75**	**(11.5%)**

* The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this document for budget summary information.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
MAYOR AND CITY COUNCIL			
Office of the Mayor			
• Office of the Mayor Budget Reduction		(108,390)	(108,390)
• Rebudget: Office of the Mayor 2009-2010 Expenditure Savings		523,911	523,911
City Council			
• City Council Budget Reduction		(207,940)	(207,940)
• Rebudget: City Council 2009-2010 Expenditure Savings		783,416	783,416
Council General			
• Council General Budget Reduction		(272,750)	(272,750)
Subtotal	0.00	718,247	718,247
OFFICE OF THE CITY ATTORNEY			
Legal Representation			
• Office of the City Attorney Total Employee Compensation Reduction		(368,351)	(368,351)
• Chief Trial Attorney Staffing	(1.00)	(291,652)	(247,718)
• Senior Deputy City Attorney Staffing	(1.00)	(213,954)	(212,488)
• False Claims Act Litigation Staffing		(158,294)	(158,294)
• Deputy City Attorney Staffing	(1.00)	(125,918)	(125,918)
• Municipal Solar Grant Program Staffing		(125,000)	(125,000)
• SJRA Budget Reduction - Strong Neighborhood Initiatives	(1.00)	(92,686)	(92,686)
• Attorney's Office Administrative Support Staffing	(0.80)	(86,419)	(86,419)
• Senior Legal Analyst Staffing	(0.20)	(23,802)	(23,802)
• Attorney's Office Non-Personal/Equipment Funding		(4,000)	(4,000)
Legal Transactions			
• Office of the City Attorney Total Employee Compensation Reduction		(392,401)	(392,401)
• Chief Deputy City Attorney Staffing	(1.00)	(260,284)	(234,139)
• Attorney's Office Administrative Support Staffing	(1.20)	(129,309)	(129,309)
• False Claims Act Litigation Staffing		(60,871)	0
• Senior Legal Analyst Staffing	(0.20)	(23,802)	(23,802)
• Attorney's Office Management and Professional Employees Total Compensation Reduction		(16,409)	0
• Attorney's Office Non-Personal/Equipment Funding		(1,000)	(1,000)
Strategic Support			
• Attorney's Office Management and Professional Employees Total Compensation Reduction		(103,751)	(103,751)
• Office of the City Attorney Total Employee Compensation Reduction		(74,100)	(74,100)
• Senior Legal Analyst Staffing	(0.60)	(71,406)	(71,406)
Subtotal	(8.00)	(2,623,409)	(2,474,584)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
OFFICE OF THE CITY AUDITOR			
Audit Services			
• Audit Staffing	(1.00)	(155,195)	(220,145)
• Auditor's Office Management and Professional Employees Total Compensation Reduction		(114,803)	(114,803)
• Auditor's Office Total Employee Compensation Reduction		(97,172)	(97,172)
• Auditor's Office Non-Personal/Equipment Funding		(33,150)	(33,150)
• Auditor's Office Intern Program		(13,661)	(13,661)
Strategic Support			
• Auditor's Office Total Employee Compensation Reduction		(5,374)	(5,374)
Subtotal	(1.00)	(419,355)	(484,305)
OFFICE OF THE CITY CLERK			
Facilitate the City's Legislative Process			
• Clerk's Office Total Employee Compensation Reduction		(33,116)	(33,116)
• Clerk's Office Records Request and Research Staffing	0.00	(20,258)	(20,258)
• Clerks's Office Management and Professional Employees Total Compensation Reduction		(18,882)	(18,882)
• Ballot Measure Costs		280,000	280,000
• Rebudget: Election Costs		1,400,000	1,400,000
Strategic Support			
• Clerk's Office Contracts and Ethics Compliance Staffing	(1.00)	(111,103)	(111,103)
Subtotal	(1.00)	1,496,641	1,496,641
OFFICE OF THE CITY MANAGER			
Analyze, Develop, and Recommend Public Policy			
• City Managers's Office Management and Professional Employees Total Compensation Reduction		(330,717)	(329,872)
• Legislative Public Policy Director	(1.00)	(225,902)	(135,268)
• City Managers's Office Employee Total Compensation Reduction		(147,627)	(147,627)
• Intergovernmental Relations Administrative Support Staffing	(0.50)	(49,378)	(45,930)
• City Manager's Office Administrative Support Staffing	(0.25)	(20,967)	(20,967)
• City Manager's Office Budget Office Overtime Funding		(10,000)	(10,000)
Lead and Advance the Organization			
• City Managers's Office Employee Total Compensation Reduction		(77,169)	(77,169)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
OFFICE OF THE CITY MANAGER (CONT'D.)			
Manage and Coordinate City-Wide Service Delivery			
• Senior Executive Management Temporary Vacancy		(301,109)	(240,646)
• Strong Neighborhoods Initiative Program	(2.00)	(190,500)	(190,500)
• Video/Multimedia Service Delivery Model Change	(2.00)	(181,330)	(181,330)
• City Managers's Office Employee Total Compensation Reduction		(139,749)	(139,749)
• Domestic Violence Prevention Program Funding Reallocation		(63,677)	(63,677)
• City Manager's Office Non-Personal/Equipment Funding		(40,000)	(40,000)
• City Manager's Office Administrative Support Staffing	(0.25)	(17,385)	(17,385)
• SJRA Budget Reduction - Strong Neighborhoods Initiative Program Staffing		0	0
• Strong Neighborhoods Initiative Staffing Restoration	3.00	221,337	221,337
Strategic Support			
• Strong Neighborhoods Initiative Program		(143,139)	(143,139)
Subtotal	(3.00)	(1,717,312)	(1,561,922)
OFFICE OF THE INDEPENDENT POLICE AUDITOR*			
Total Adopted Budget Changes	**(13.00)**	**(2,545,188)**	**(2,305,923)**

* The Office of the Independent Police Auditor core service is aligned to the Public Safety CSA. Please refer to that section of the document for budget summary information.

Strategic Support CSA

Mayor and City Council

Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services*

Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police Auditor

BUDGET PROGRAMS

- Office of the Mayor
- City Council
- Council General

Budget Program: Office of the Mayor

Budget Program Purpose

The Office of the Mayor is responsible for developing and proposing the fiscal priorities of the City; appointing Councilmembers to the City's standing committees, boards, and commissions; providing guidance and leadership to the City Council; explaining to the community the City's policies and programs; assisting the Council in effective exercise of its powers; and providing political leadership. The Mayor's Office also supervises the Charter-established Public Information Office responsible for the dissemination of public information and the coordination of the City's marketing efforts.

Program Budget Summary

	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 1,210,566	$ 2,186,591	$ 1,571,733	$ 1,987,254	(9.1%)
Total	**$ 1,210,566**	**$ 2,186,591**	**$ 1,571,733**	**$ 1,987,254**	**(9.1%)**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. Office of the Mayor Budget Reduction		(108,390)	(108,390)
2. Rebudget: Office of the Mayor 2009-2010 Expenditure Savings		523,911	523,911
2010-2011 Adopted Program Changes Total	**N/A**	**415,521**	**415,521**

Budget Program: City Council

Budget Program Purpose

As established by Section 400 of the City Charter, the City Council exercises its power and determines policy through adoption of ordinances, resolutions, and motions subject to the provisions of the City Charter and the State Constitution. The Council ensures the right of all persons to present grievances or offer suggestions for the betterment of municipal affairs.

Program Budget Summary

	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 2,626,716	$ 3,359,490	$ 2,872,790	$ 3,448,266	2.6%
Total	**$ 2,626,716**	**$ 3,359,490**	**$ 2,872,790**	**$ 3,448,266**	**2.6%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. City Council Budget Reduction		(207,940)	(207,940)
2. Rebudget: City Council 2009-2010 Expenditure Savings		783,416	783,416
2010-2011 Adopted Program Changes Total	**N/A**	**575,476**	**575,476**

Budget Program: Council General

Budget Program Purpose

Council General provides funding resources to the Office of the Mayor and City Council. Included in this program are Mayor and City Council Members' salary and benefits, Council Assistant benefits, clerical support for both offices, as well as funding for miscellaneous non-personal/equipment expenditures such as travel.

Program Budget Summary

	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 4,119,621	$ 4,706,281	$ 5,059,075	$ 4,786,325	1.7%
Total	**$ 4,119,621**	**$ 4,706,281**	**$ 5,059,075**	**$ 4,786,325**	**1.7%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. Council General Budget Reduction		(272,750)	(272,750)
2010-2011 Adopted Program Changes Total	**N/A**	**(272,750)**	**(272,750)**

Strategic Support

Office of the City Attorney

Mission: *The Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City and Redevelopment Agency, with the goal of protecting and advancing their interests in serving the people of San José*

Primary Partners

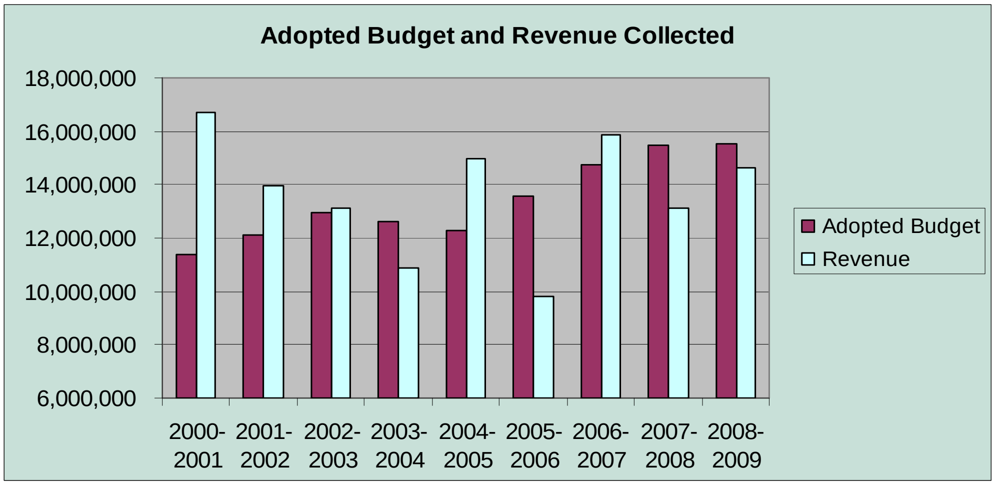
Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOMES

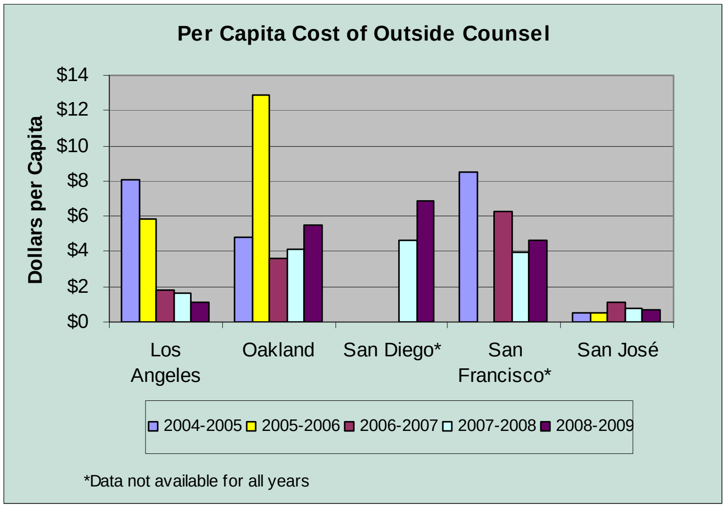
- City and San Jose Redevelopment Agency Business is Conducted Lawfully
- City and San Jose Redevelopment Agency Interests are Protected and Advanced

Service Delivery Accomplishments

- In 2008-2009, plaintiff cases handled by the Office generated $14.6 million, a 9% revenue increase from the previous year. Revenue collections have exceeded the City Attorney's Office Adopted Operating Budget level five of the last nine years. The nature of the cases varies and that makes it difficult to forecast revenue on an annual basis.



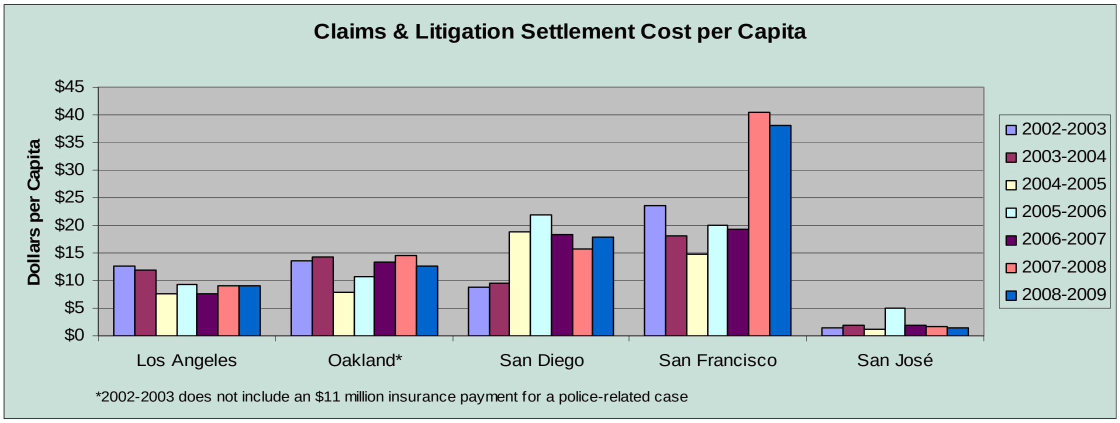
- Legal services are primarily provided by in-house lawyers. Limiting the use of costly outside legal counsel results in significant budgetary savings to the City. The Office spent $688,670 for outside counsel services in 2008-2009, a 9% decrease from prior year expenditures. The majority of expenditures were for specialized legal services to support the Airport, Economic Development, Redevelopment, and the Elections Commission, and to accommodate the Office of Employee Relations. In comparison, the cities of Los Angeles, Oakland, San Diego and San Francisco spent $4.5 million, $2.3 million, $9.3 million and $3.9 million respectively, for outside counsel services over the same period.



Service Delivery Accomplishments *(Cont'd.)*

- The City of San José pays considerably less for Claims and Litigation settlements than other large cities in California. Over the last seven years, San José paid on average $2.0 million in annual settlement costs. The next lowest average annual payout was $5.2 million by the City of Oakland. Over the same period, Los Angeles, San Diego, and San Francisco paid out annual averages of $37.9 million, $20.9 million, and $20.3 million respectively.

- The City's financial exposure for claims and litigation is significant; for example, a September 2009 review of cases requiring substantial legal attention, amounts claimed by the plaintiffs exceeded $56 million for 40 cases alone.



- The Office is increasing the number of training sessions facilitated for City staff, and strengthening its internal employee training program.

- An unpaid internship program for law students and attorneys newly admitted to the California State Bar benefits both the volunteers and the Office. The interns and new attorneys are given an opportunity to gain practical experience, and the support provided to the Office assists in managing the high volume of work.

- The latest client survey results indicate that 88% of the respondents were satisfied with the overall legal services provided by the Office.

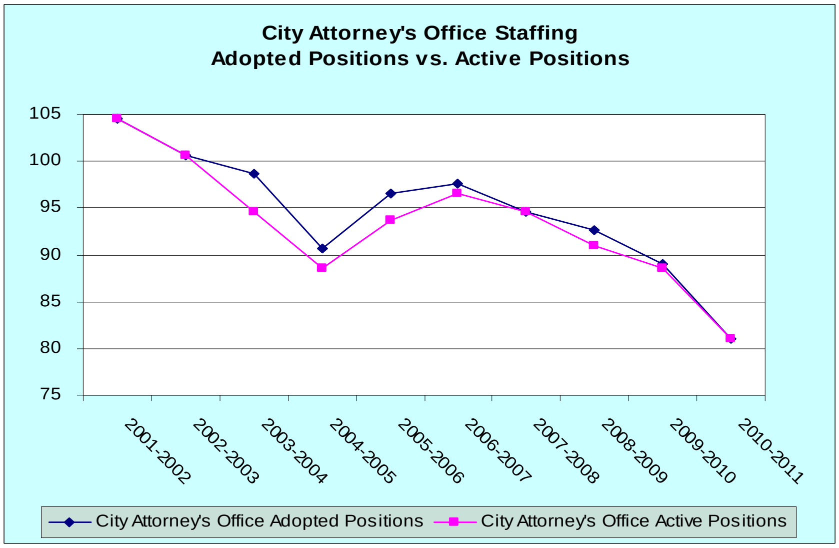
- Legal Representation workload highlights are listed below:
  - 980 open litigation files including civil, criminal, and administrative proceedings; 296 are Police cases
  - 890 active civil lawsuits pending in State, federal, and appellate courts; 18 trials scheduled as of spring 2010
  - 926 workers' compensation litigated claims
  - 473 general liability claims filed in 2008-2009

- Transactional Division workload highlights for 2008-2009 are listed below:
  - 292 Ordinances prepared
  - 521 Resolutions prepared
  - 2,393 Agreements approved to final form
  - 2,611 City Council/SJRA/Manager memoranda prepared
  - 1,104 City Council/SJRA Board memoranda reviewed

OVERVIEW

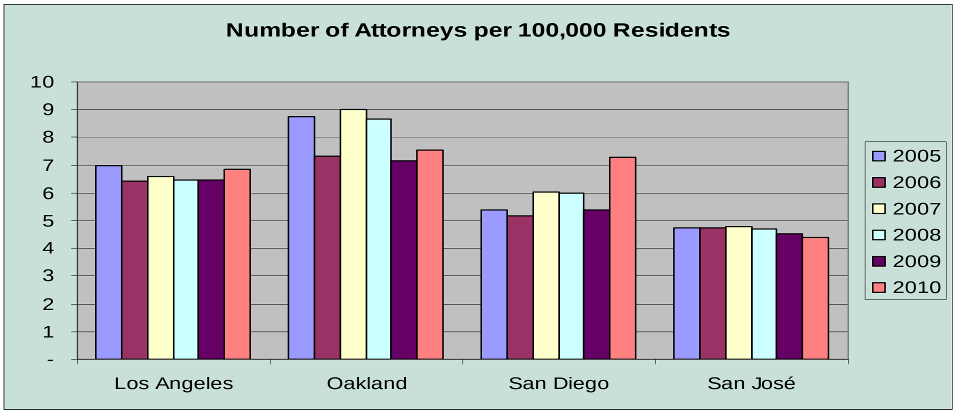
Service Delivery Environment

- The City continues to confront a structural fiscal imbalance where expenditures exceed revenues. 2010-2011 will be the ninth consecutive year that budget reduction actions are required to address a General Fund shortfall.
- General Fund budget reduction actions implemented over the past nine years have decreased Office resources to minimum levels at a time when the demand for legal services has remained mostly steady, with increases for some practice areas. In spite of this demand, the Office will eliminate eight positions in 2010-2011, including four attorneys and three management level positions. The eight positions became vacant in 2009-2010 due to retirements.
- For 2010-2011, the staff reductions represent a 9% decrease in staffing levels from 2009-2010, and a 23% decrease since 2001-2002.
- After the retirement of a senior manager in 2009-2010, the Office achieved ongoing savings by modifying the management structure in the Litigation Division, consolidating the job responsibilities of an Assistant City Attorney and Chief Trial Attorney. The Chief Trial Attorney position has been eliminated. Management of this Division will now be handled by a single Assistant City Attorney, supported by four non-management "lead" Senior Deputy City Attorneys who will assist in coordinating matters for certain assigned practice areas.
- Workforce Investment Act program legal staffing will be reduced in 2010-2011. A Legal Analyst position will be decreased from full time to part time, leaving 1.5 positions to support this program.
- The San Jose Redevelopment Agency (SJRA) currently reimburses the City for legal services provided to the SJRA; however, due to financial constraints, the SJRA can no longer support the same level of funding that it has in prior years. The Office is evaluating with SJRA staff SJRA's legal needs for 2010-2011 and to identify the staffing necessary to support those needs. The initial reduction target provided to the Office was $1.7 million, which represents a 66% decrease in SJRA services.
- As a result of reduced staffing levels, the Office will not be able to maintain the current level of legal services. Workload assessments will be performed and the Office, together with the clients, will identify areas where legal services can be reduced. Alternate plans will be developed to help minimize the City's risks and to control legal costs that will be incurred when outside counsel is hired for legal services no longer provided by the Office. Revenue generated by the Office may decrease due to fewer collection actions; however, priority will be given to matters with greater value and recovery potential.

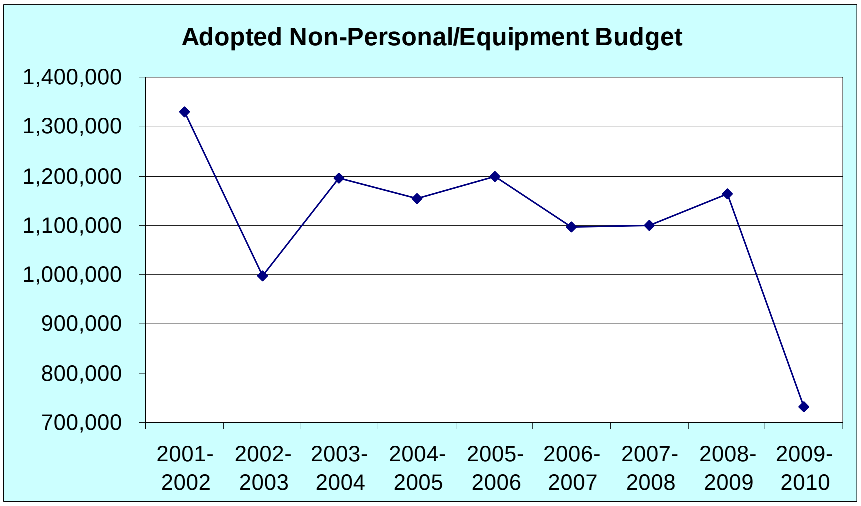


Service Delivery Environment *(Cont'd.)*

- Comparing staffing levels of city attorney offices in other large California cities, the attorney per capita ratio for the San José City Attorney's Office is the lowest among Los Angeles, Oakland, and San Diego. San Francisco was not included in this comparison as it is a city and a county, with many more attorneys than others that are only cities.



- Total compensation for Office management and attorneys will be reduced by 10% in 2010-2011, the first 5% ongoing, with the second 5% in one-time reductions. This follows reduction actions implemented in 2009-2010 when attorneys and management staff took six (6) days of unpaid furlough leave and the professional development program benefit was suspended. During 2009-2010, these cost savings actions were in addition to the freezing of merit and general wage increases.
- The Non-Personal/Equipment appropriation has decreased 43% over the past nine years, from $1.3 million in 2001-2002 to $735,000 in 2010-2011, while costs for materials, equipment and services have increased over the same period. The total decrease may jeopardize the Office's ability to meet basic daily operational demands. A substantial amount of the non-personal/equipment budget is earmarked for experts and consultants that assist the Office in complex litigation and specialized transactional matters. The Office requested and received rate reductions from many of the consultants, experts and vendors that have contracts with the Office. The Office will continue to seek opportunities to reduce costs.



Service Delivery Environment *(Cont'd.)*

- Labor and employment legal issues are rising including a significant increase in the number of employee and union grievances handled by the Office.
- City-wide decentralization of certain tasks, including procurement and CEQA review, has shifted oversight responsibilities and has resulted in additional workload for the legal staff.
- The City's increasing reliance on outsourcing services and obtaining grant revenues has, and will continue to, increase the legal workload to review, negotiate, and prepare contracts.
- The Office will continue to seek opportunities to streamline processes and will work with the Mayor, City Council and other Council Appointees to identify areas where legal services can be modified so that the Office can control the legal workload, taking into consideration the reduced staffing level.

Budget Dollars at Work: Performance Goals

Outcome 1: City and San Jose Redevelopment Agency Business is Conducted Lawfully

- ✓ Work together with City and SJRA staff to legally implement official City and SJRA actions.
- ✓ Provide legal counsel at all meetings of the City Council and Redevelopment Agency Board, and certain meetings of major boards, committees, and commissions as necessary.
- ✓ Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents.
- ✓ Perform legal research and legislative analyses.
- ✓ Provide oral and written legal advice and opinions.
- ✓ Facilitate city-wide and department training sessions to keep staff informed of current laws.
- ✓ Disruption in the municipal bond market continues to require extensive legal services to resolve financial issues that impact the City.
- ✓ Provide legal services to assist staff in addressing the fiscal challenges faced by the City and Agency, including analysis and implementation of revenue sources (e.g. taxes, assessments and fees).
- ✓ Substantial legal resources will be dedicated to the development of medical marijuana regulations.
- ✓ Convention Center financing and construction will require extensive legal work.
- ✓ Ethics legal team manages workload related to the Elections Commission and implementation of the recommendations of the Sunshine Reform Task Force and the Mayor's Biennial Ethics Review as approved by the City Council.
- ✓ Achieving San José's Green Vision goals for clean technology and economic development will be a collaborative city-wide effort that will require significant legal services in several areas.
- ✓ The Airport Master Plan, including related facility expansion, is the largest set of capital projects ever undertaken by the City. The completion of the North Concourse and the Terminal Area Improvement Program require extensive legal services.
- ✓ Responding, reviewing and coordinating complex Public Records Act requests.

Budget Dollars at Work Performance Goals *(Cont'd.)*

Outcome 2: City and San Jose Redevelopment Agency Interests are Protected and Advanced

- ✓ Initiate and defend lawsuits and other legal actions involving the City and the SJRA.
- ✓ Aggressively seek monetary damages on behalf of the City and the SJRA.
- ✓ Seek injunctions for general nuisance; and gang and drug abatements to promote public safety.
- ✓ Provide legal representation at administrative hearings.
- ✓ Prosecute municipal code violations.
- ✓ Investigate and respond to claims filed against the City and the SJRA.
- ✓ Conduct and coordinate confidential internal City investigations.
- ✓ Provide workers' compensation legal advice, investigation, and litigation services.
- ✓ Coordinate complex Public Records Act requests.
- ✓ Considerable resources are dedicated to responding to increasingly complex discovery and public records requests involving electronic data. The enormous volume and fragmented manner in which data is stored city-wide have presented substantial challenges.
- ✓ Gang abatement actions will be a priority for the Office in 2010-2011.

Core Service: Legal Representation

Core Service Purpose

Advocate, defend, and prosecute on behalf of the City's and Redevelopment Agency's interests.

Key Operational Services:

- ☐ **Provide Legal Representation for the City and San Jose Redevelopment Agency**
- ☐ **Retain, Coordinate, and Supervise Outside Legal Counsel**
- ☐ **Prosecute Criminal Proceedings Involving Violations of the San Josė Municipal Code**
- ☐ **Provide Legal Representation Before State, Federal, and Appellate Courts, and a Variety of Agencies and Boards**
- ☐ **Provide Pre-Litigation Advice and Counsel to Avoid Litigation and to Protect the City's Interests Should Litigation Occur**

Performance and Resource Overview

Legal representation is provided by the City Attorney's Office on behalf of the Mayor, City Council, Council Appointees, City Departments, City and San Jose Redevelopment Agency (SJRA) employees, and City boards and commissions. The purpose of legal representation is to advocate, defend, and prosecute on behalf of the City and the SJRA. This includes a wide variety of activities and objectives that collectively attempt to protect the City and the SJRA's rights, minimize civil and financial liability, and advance community welfare.

Legal representation services include: defense of lawsuits; general liability claims management; pursuit of contractual indemnities and appropriate insurance tenders; coordination of outside legal counsel; alternative dispute resolution; workers' compensation investigations and litigation; initiation of litigation; prosecution of municipal code violations; seeking injunctions for general nuisance; and gang and drug abatements to promote safer communities. The litigation and transactional attorneys work collaboratively to provide advice and counsel to the City and the SJRA in a proactive effort to reduce litigation risks.

The Litigation Division was restructured in 2009-2010 in an effort to address the ongoing budget deficit. For many years, an Assistant City Attorney and Chief Trial Attorney shared responsibility for oversight and management of the division. With the Assistant City Attorney's retirement in March 2010, the Office merged the job responsibilities of these two senior management positions, and eliminated the Chief Trial Attorney position. Now, supervision of the Litigation Division will be handled by a single Assistant City Attorney, supported by four non-management "lead" Senior Deputy City Attorneys who will assist in coordinating matters for certain assigned practice areas. This change in structure saves the cost of a management position, and provides professional

Core Service: Legal Representation

Performance and Resource Overview (Cont'd.)

development opportunities for some Senior Deputy City Attorneys, who will also continue to handle a regular caseload. In addition to the Chief Trial Attorney, two other litigation attorney positions and three legal administrative positions that provided support to the litigation and transactional divisions, including the Strong Neighborhoods Initiative, were eliminated for 2010-2011. This reduced staffing level will result in decreased litigation services. The Office will devote resources to higher priority matters, perform risk assessments, and identify alternatives for litigation services no longer provided, including the hiring of outside counsel.

In-house attorneys are handling the current caseload of 980 open litigation files, including criminal, civil, and administrative proceedings. Of these matters, 890 are civil lawsuits pending in the State, federal, and appellate courts. The City's financial exposure on these matters is significant, for example, a September 2009 review of cases requiring substantial legal attention, amounts claimed by the plaintiffs exceeded $56 million for 40 cases alone. The average caseload per attorney is approximately 57 cases, including 52 civil court cases and five other matters, such as civil service cases, administrative code enforcement appeals, criminal prosecutions, and *Pitchess* motions, in which criminal defendants seek access to confidential police personnel files. At this time, 18 cases are set for trial later in 2010.

Limiting the use of outside legal counsel has resulted in significant budgetary savings, as costs to hire outside local attorneys for litigation services currently range from $185 - $760 per hour, for an average hourly rate of $473. Rates vary depending on the type of law practice and level of experience. In comparison, the in-house rate, based on a 40-hour week, averages $126 per hour including salary, retirement, fringe, and overhead for city-wide central service costs. A large percentage of the Office's attorneys average much more than 40 hours per week, thus it is clearly more cost-effective to retain this work in-house. In addition, it is more difficult to control outside counsel costs, as once a litigation case is assigned out, it ordinarily needs to stay with the outside firm until final resolution, and the life of a case could extend over several years. The Office will continue its efforts to minimize the use of outside counsel, however, due to the reduced staffing level and the amount of Office resources dedicated to police-related cases (which account for over 30% of open files) it may be necessary to outsource more legal work. One Police Sergeant and two Officers assigned to the Office provide claims and litigation support, including Strong Neighborhoods Initiative enforcement actions. It is anticipated that the gang abatement legal workload will increase in 2010-2011. These complex cases are extremely labor intensive, and will require significant Office resources. The Office continues to work closely with Police Administration to communicate the status of cases and to review operational issues that may arise during the course of litigation.

Core Service: Legal Representation

Performance and Resource Overview (Cont'd.)

There were 473 liability claims filed against the City and SJRA in 2008-2009, a 12% decrease from the prior year. Two civilian investigators and the police personnel handle all the claims, from initial investigation through final resolution. Claims staff also provides litigation support to the attorneys and appear at small claims court on behalf of the City and SJRA.

Considerable litigation resources are dedicated to a number of major City and SJRA projects, and this need is anticipated to continue into 2010-2011. Some of these cases relate to the following matters:

- City – County Issues
- Police Cases, including Penal Code Sections 647(f) and 148 cases
- Gaming Control Regulation
- Medical Marijuana
- Employment Cases
- Labor Negotiations – Arbitrations
- Capital Projects – Construction Litigation
- Strong Neighborhoods Initiative – Code Enforcement and Gang Abatement Actions

The Office aggressively pursues cases to recover damages on behalf of the City and the SJRA. For 2008-2009, the Office generated $14.6 million from plaintiff cases, including $11.4 million from the tobacco settlement. Payment amounts from the tobacco settlement vary annually depending on a number of factors. The term of this settlement is in perpetuity, thus the City of San José can expect to receive annual payments until further notice from the State of California. Revenue generated by the Office will likely decline in 2010-2011 due to the reduced staffing level. Collection actions are discretionary, unlike the mandatory defense of lawsuits which will be a priority for the Office.

Workers' compensation attorneys provide advisory counsel and litigation defense including investigations, discovery, trials, and appellate court review. For 2010-2011, one workers' compensation attorney position has been eliminated, leaving three attorneys to manage the current workload of 926 litigated claims and 28 subrogation cases. In 2008-2009, there were 256 litigation cases referred by the Workers' Compensation Claims Unit in Human Resources. The attorneys negotiate settlements over $50,000 and obtain City Council approval for settlements exceeding $100,000. In 2008-2009, the City Council reviewed 13 cases with a potential value of more than $5.9 million, and approved recommended settlement amounts totaling $1.4 million. The attorneys also obtained 26 Court approved settlements.

Workers' compensation attorneys are also responsible for supervising case and fraud investigations. The attorneys provide regular training for the departments regarding new laws and regulations that affect claim procedures and case valuations. In addition, the workers' compensation attorneys perform third party subrogation litigation which resulted in a $245,557 recovery in 2008-2009.

Performing workers' compensation litigation in-house results in significant cost-savings compared to outside counsel. The in-house litigation program also provides better coordination of cases with multiple issues related to workers' compensation, general City liability, retirement, safety, and employment law matters.

Core Service: Legal Representation

Performance and Resource Overview (Cont'd.)

The Office conducts surveys every other year to assess client satisfaction levels, understand the clients' perspective, and provide a framework for strengthening work relationships. Results from the last five surveys have consistently shown a high satisfaction level with the overall legal services provided by the Office, with a 93% satisfaction rating in 2010. A few categories in the earlier surveys had satisfaction ratings in the 30% - 40% range; however, the satisfaction levels over the last two surveys have shown marked improvement. This progress is a direct result of operational changes implemented by the Office in response to the feedback from the surveys.

The 2010 client survey showed a 73% satisfaction rating from respondents who reported that the Office kept them informed, in a timely manner, of significant developments in a litigated case. 93% of respondents reported that they were satisfied with the overall legal representation services received from the Office. This favorable rating is the second highest rating received since the surveys began in 2000, with the high point being the 2006 survey when the Office received a 100% satisfaction rating. A performance measure for quality tracks the percentage of time that the final result of a case is consistent with the Office's analyses and recommendations. Final resolution of cases is by way of settlement, trial, or dismissal, depending upon the facts presented and the legal issues involved. It is the Office's responsibility to perform a thorough analysis of a case and to provide the client with a realistic forecast of potential outcomes. During 2008-2009, 91% of the litigation cases resulted in final resolution that was within the Office's case assessment.

Core Service: Legal Representation

Performance and Resource Overview (Cont'd.)

	Legal Representation Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯	% of time final case results are within staff analyses and/or recommendations	91%	90%	91%	90%
$	Cost of representation compare favorably to law offices of similar size, practice, and expertise, including other governmental law offices				
	• City Attorney's Office average hourly rate	$126	$126	$130	$126
	• Outside Legal Counsel average hourly rate	$470	$470	$473	$470
🕐	% of time client is timely informed of significant developments in a case	81%	80%	73%	80%
🏅	% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	88%	90%	93%	90%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of claims filed against the City	811	779	843	816
Number of lawsuits filed against the City	220	219	229	213
Number of lawsuits and administrative actions filed or initiated by the City	331	241	197	291

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Legal Representation Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,840,544	$ 6,386,562	$ 7,107,064	$ 5,620,988	(12.0%)
Non-Personal/Equipment	544,068	526,323	295,323	291,323	(44.6%)
Total	**$ 7,384,612**	**$ 6,912,885**	**$ 7,402,387**	**$ 5,912,311**	**(14.5%)**
Authorized Positions	**41.60**	**41.00**	**41.30**	**36.30**	**(11.5%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Legal Representation

Budget Changes by Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Office of the City Attorney Total Employee Compensation Reduction		(368,351)	(368,351)
2. Chief Trial Attorney Staffing	(1.00)	(291,652)	(247,718)
3. Senior Deputy City Attorney Staffing	(1.00)	(213,954)	(212,488)
4. False Claims Act Litigation Staffing		(158,294)	(158,294)
5. Deputy City Attorney Staffing	(1.00)	(125,918)	(125,918)
6. Municipal Solar Grant Program Staffing		(125,000)	(125,000)
7. SJRA Budget Reduction – Strong Neighborhoods Initiative	(1.00)	(92,686)	(92,686)
8. Attorney's Office Administrative Support Staffing	(0.80)	(86,419)	(86,419)
9. Senior Legal Analyst Staffing	(0.20)	(23,802)	(23,802)
10. Attorney's Office Non-Personal/Equipment Funding		(4,000)	(4,000)
2010-2011 Adopted Core Service Changes Total	**(5.00)**	**(1,490,076)**	**(1,444,676)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Office of the City Attorney
Strategic Support CSA

Core Service: Legal Transactions

Core Service Purpose

Provide oral and written advice on legal issues and prepare documents to implement official City and San Jose Redevelopment Agency actions.

Key Operational Services:

- ☐ **Preparation of Ordinances, Resolutions, Permits, Contracts, and Other Legal Documents**
- ☐ **Provide Oral and Written Legal Counsel and Advice**
- ☐ **Performance of Legal Research**

Performance and Resource Overview

The Office of the City Attorney provides legal advice and transactional services to the Mayor, City Council, Council Appointees, City departments, and City boards, commissions, and committees. Also, in the City Attorney's role as General Counsel to the San Jose Redevelopment Agency (SJRA), the Office provides the same services to the Redevelopment Agency Board and staff.

The Transactional Division works together with City and SJRA staff to achieve organizational goals in a legal, cost-effective, and efficient manner. Achieving these objectives is becoming more difficult as Office resources continue to decline. Approved budget actions included the elimination of three transactional senior attorney positions. In addition, three legal administrative positions that provide support to the litigation and transactional divisions, including the Strong Neighborhoods Initiative, were eliminated in 2010-2011. The reduced staffing has adversely impacted the Office's ability to continue to meet all the legal demands of the organization. The Office has adjusted assignments to cover higher priority matters; however, legal services will be reduced in certain areas.

The City Attorney attends meetings of the City Council and SJRA Board, and staff attorneys attend meetings of all major boards, commissions, and committees to provide legal counsel on issues before these bodies. With the ongoing reductions to Office resources, the Office will need to evaluate whether it can continue to provide legal counsel at all the meetings. A significant amount of staff time is dedicated to preparing and reviewing City Council and SJRA Board memoranda and reports. In 2008-2009, the Office prepared or reviewed over 3,700 City Council and SJRA Board memoranda, almost 4,900 agreements, 292 ordinances, and 521 resolutions. Attorneys devote a considerable portion of the day providing legal advice to the clients via telephone, e-mail, or personal consultation. Providing legal advice often involves performing legal research to identify and analyze legal issues and risks. The Office's goal is to provide comprehensive legal counsel and advice, so that City and SJRA staff can make informed and effective decisions.

Core Service: Legal Transactions

Performance and Resource Overview (Cont'd.)

Attorneys in the Transactional Division continue to be extremely busy working on high priority financial matters involving the City's unfunded retirement liability, SJRA financing challenges, and the renewal of letters of credit for the bond issues that were restructured in 2008 due to disruption in the municipal bond market. In addition to the matters outlined in the Office of the City Attorney's Overview, many other major projects will require extensive legal services during 2010-2011. A partial list of ongoing and new projects is as follows:

- Proposed Ballot Measures
- Federal Stimulus Projects
- Medical Marijuana Regulations
- General Plan Update
- Revision of City Sign Ordinance
- Issuance of Bonds – Housing, SJRA, various City capital projects
- Downtown Entertainment Zone
- Airport West – Negotiation of Property Sales, Commercial and Stadium Proposal Development
- Ballpark Proposals
- Open Government Ordinance
- Commercial Solid Waste Program Redesign including Municipal Code Amendments
- Energy Program – Development, Review, and Implementation
- Gaming Control Regulation
- Completion of Airport Construction Projects including North Concourse Building and Design Build Agreements for Terminal Area Improvements
- Completion of the Library, Parks, and Public Safety Bond Projects
- Convention Center Expansion – Financing, Design-Build

The Office annually reviews the City Service Areas' (CSA) overviews to forecast the legal needs of the City. Long range planning is essential to strategically allocate resources and to provide advance staff training to meet the anticipated legal services demand.

As previously mentioned, the City Attorney's Office conducts surveys every other year to assess customer satisfaction levels and to identify opportunities to better align services with customer expectations. The 2010 survey showed that 84% of the respondents were satisfied with the overall legal transactional services.

One of the City Attorney's Office performance measures seeks client input on the quality of legal advice to determine how well the attorneys identify the legal issues and risks, and if alternative solutions are provided where appropriate. In the 2010 survey, 81% of respondents were satisfied that the legal advice properly analyzed the legal issues and risks, while 67% of respondents were satisfied with the creative alternatives suggested for difficult problems. Providing creative alternatives is an area where the Office is sometimes criticized for being risk averse and too conservative with legal advice. Developing creative solutions for difficult issues can be more consistently achieved if the attorneys are consulted during the early stages of project planning. The attorneys will continue to make a strong effort to work collaboratively with staff to

Core Service: Legal Transactions

Performance and Resource Overview (Cont'd.)

accomplish the business objectives of the City and the SJRA within applicable legal limitations.

The Office strives to ensure that legal documents accurately and completely reflect the material business terms approved by the City Council or SJRA Board. The 2010 client survey indicates that 89% of the respondents were satisfied that the documents prepared by the Office accurately reflected the approved City or SJRA action. This rating falls below Office expectations and every effort will be made to strengthen client communications so that business terms and City Council direction are clearly understood by all parties.

The Office is committed to preparing legal documents and providing legal advice in a manner that does not cause unnecessary delays to clients. The 2010 survey reflects that 74% of the respondents were satisfied that assignments were completed within mutually acceptable timeframes. The Office also maintains a matter management system that tracks assignment completion timeframes, and based on this data, 82% of the assignments received in 2008-2009 were completed within a mutually acceptable timeframe. The Office is not sure of the reasons for this discrepancy, but it may be an area where stronger client communications can be beneficial. Managing the transactional workload in a timely manner will become a bigger challenge in the future with the decreased staffing level and is highly likely that turnaround times will increase. Workloads will be redistributed to cover as many assignments as possible; however, it may be necessary for the City to hire outside counsel for legal services the Office is no longer able to provide.

Costs to hire outside private counsel for transactional services vary from $185 - $760 per hour, for a current average hourly rate of $473. The hourly rates for outside private counsel are based on rates negotiated by the City for legal service contracts. Rates vary depending on the type of law practice and level of experience and may include a government discount. The in-house Office rate, based on a 40-hour week, averages $126 per hour including salary, retirement, fringe, and 42% overhead for departmental and central service costs. A large percentage of City attorneys average much more than 40 hours per week, thus it is more cost-effective for the City to have in-house legal counsel.

Core Service: Legal Transactions

Performance and Resource Overview (Cont'd.)

	Legal Transactions Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯	% of time final documents accurately reflect the approval of City and Redevelopment Agency action	100%	100%	89%	100%
🎯	% of time that advice identifies and analyzes legal issues and risks	91%	85%	81%	85%
🎯	% of time that advice provides alternatives where appropriate	78%	70%	67%	70%
$	Cost of advice and documentation compare favorably to law offices of similar size, practice and expertise including other governmental offices				
	• City Attorney's Office average hourly rate	$126	$126	$130	$130
	• Outside Legal Counsel average hourly rate	$470	$470	$473	$473
🕐	% of time client receives advice/ document within mutually accepted time frames	82%	85%	74%	85%
🎗	% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	93%	85%	84%	85%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of Council/Board Manager memoranda:				
Prepared	2,611	2,538	2,028	2,533
Reviewed	1,104	1,440	879	1,304
Number of formal Opinions issued	21	37	15	29
Number of Resolutions	521	602	329	571
Number of Ordinances	292	313	151	299
Number of Agreements	4,873	4,919	3,980	4,901

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Core Service: Legal Transactions

Performance and Resource Overview (Cont'd.)

Legal Transactions Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 5,699,457	$ 6,367,839	$ 6,892,687	$ 6,009,611	(5.6%)
Non-Personal/Equipment	428,670	190,245	402,745	401,745	111.2%
Total	**$ 6,128,127**	**$ 6,558,084**	**$ 7,295,432**	**$ 6,411,356**	**(2.2%)**
Authorized Positions	**40.62**	**38.60**	**38.50**	**36.10**	**(6.5%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Office of the City Attorney Total Employee Compensation Reduction		(392,401)	(392,401)
2. Chief Deputy City Attorney Staffing	(1.00)	(260,284)	(234,139)
3. Attorney's Office Administrative Support Staffing	(1.20)	(129,309)	(129,309)
4. False Claims Act Litigation Staffing		(60,871)	0
5. Senior Legal Analyst Staffing	(0.20)	(23,802)	(23,802)
6. Attorney's Office Management and Professional Employees Total Compensation Reduction		(16,409)	0
7. Attorney's Office Non-Personal/Equipment Funding		(1,000)	(1,000)
2010-2011 Adopted Core Service Changes Total	**(2.40)**	**(884,076)**	**(780,651)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents the services provided within the Office that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support, those are not presented separately in this document. Performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery.

Key Operational Services:

- ☐ **Office Management and Analysis**
- ☐ **Fiscal Control/Budget Preparation**
- ☐ **Personnel Administration/Human Resources**
- ☐ **Records and File Maintenance**
- ☐ **Computer Network Management**
- ☐ **Facility Management**
- ☐ **Law Library Maintenance**
- ☐ **Overall Contract Administration**

Performance and Resource Overview

The San José City Attorney's Office, as legal counsel for the tenth largest city in the United States, produces a high volume of transactional and litigation work. Meeting this demand in a timely manner is accomplished through a team effort from the entire Office. Strategic Support staff, the foundation that enables the efficient delivery of services, performs virtually every function necessary for the operation of a law office. Reliance on outside vendors is minimal and generally limited to situations when it is more cost-effective to outsource.

Budget reduction actions implemented over the prolonged economic downturn have greatly impacted support services, as the majority of eliminated positions have come from this Division. For 2010-2011, a support manager and three legal administrative positions were eliminated. To mitigate the impacts of these reductions, workloads will be reallocated, and processes will be modified. The Office will continue to evaluate operations in the upcoming year to identify opportunities to further streamline processes; however, it is clear that support service levels will need to be reduced in selected areas.

The Office continues to be proactive in seeking technology advancements to improve operational efficiencies. Version updates were installed this year for all the major Office software programs, including Prolaw, Summation, Workshare, and Adobe 9. Managing electronic discovery is an evolving practice area that is extremely time consuming and a major drain on resources. The Office will continue to train staff and develop processes that minimize reliance on outside consultants for electronic storage information support.

Strategic Support

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,537,084	$ 1,391,939	$ 1,503,047	$ 1,253,790	(9.9%)
Non-Personal/Equipment	54,569	24,431	41,931	41,931	71.6%
Total	**$ 1,591,653**	**$ 1,416,370**	**$ 1,544,978**	**$ 1,295,721**	**(8.5%)**
Authorized Positions	**10.40**	**9.40**	**9.20**	**8.60**	**(8.5%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Attorney's Office Management and Professional Employees Total Compensation Reduction		(103,751)	(103,751)
2. Office of the City Attorney Total Employee Compensation Reduction		(74,100)	(74,100)
3. Senior Legal Analyst Staffing	(0.60)	(71,406)	(71,406)
2010-2011 Adopted Strategic Support Changes Total	**(0.60)**	**(249,257)**	**(249,257)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Office of the City Auditor

Mission: *To independently assess and report on City operations and services*

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOMES

- Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government
- Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

OVERVIEW

Service Delivery Accomplishments

- Since the City Auditor's Office began conducting program performance audits in May 1985, the Office has identified program efficiencies, revenue enhancements, and cost savings. In 2009-2010, the City Auditor's Office identified about $11.7 million in cost savings and revenue enhancements, achieving a ratio of about $4.80 in monetary benefits to every $1 of audit costs (Target: $4 to $1).
- During 2009-2010, the Office issued 22 audit reports, or approximately 1.7 audits per auditor (Target: 1.5 audits per auditor). Reports issued by the City Auditor's Office during 2009-2010 include:
    - Audit of the Park Trust Fund
    - Performance Management and Reporting in San Jose: A Proposal for Improvement
    - Audit of Animal Care and Services
    - Review Of American Recovery And Reinvestment Act First Quarterly Reports
    - Audit Of Pensionable Earnings And Time Reporting
    - 2008-2009 Annual Performance Audit of Team San José, Inc.
    - Audit Of Civilianization Opportunities In The San José Police Department
    - Service Efforts and Accomplishments Report 2008-2009 (Gold Award Winner from the Association of Government Accountants)
    - Audit Of Legacy Partners' Museum Park Development
    - Audit Of Decentralized Cash Handling
    - Review/Validation of Sewer Line Cleaning Performance and Cost Data
    - Audit of Community Center Staffing
    - Audit of the Airport's Parking Management Agreement
    - Audit of the City's Licensing and Permitting of Cardroom Owners and Employees
    - Annual Financial Scan of City-Funded Community Based Organizations

  The Office issued monthly audit status reports to the Rules and Open Government Committee, and semi-annual follow-up reports on outstanding audit recommendations to the Public Safety, Finance, and Strategic Support Committee.
- In addition, the Office provided oversight of external auditors on:
    - City of San José Annual Financial Audit and Single Audit
    - Audits of Parks and Recreation Bond Funds, Library Bond and Parcel Tax Funds
    - Semi-annual Reviews for Compliance with the City's Investment Policy

Service Delivery Environment

- In light of the budget concerns facing the City, the City Auditor's Office will continue its focus on searching for revenues and cost-savings opportunities, and will work with the City Manager's Office to target areas for audit that are likely to yield the most benefit.
- The City expects to receive millions of dollars in federal stimulus monies through the *American Recovery and Reinvestment Act of 2009*. The Office continues to monitor federal guidance regarding accountability and transparency provisions, and will conduct audits of funds as needed on a real time basis.
- Staffing reductions may impact the administrative oversight in City departments, requiring additional audit emphasis on testing basic internal controls.
- The City's reliance on computer systems for its key business systems necessitates the Office's continued improvement in this area.

Budget Dollars at Work: Performance Goals

Outcome 1: Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government

- ✓ Conduct performance audits, special audits, and reviews that identify ways to increase the economy, efficiency, and effectiveness of City government. The Office's 2010-2011 Audit Workplan will target City Council and other City Appointee concerns, and areas identified in the City Auditor's City-wide Risk Assessment model. Given the current economic situation, the emphasis will be on ways to reduce costs or increase revenues city-wide.
- ✓ Provide training to City employees on how to incorporate risk analysis and internal controls into their management strategies, and how to use performance measures to improve service delivery and drive decision making.

Outcome 2: Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

- ✓ Prepare audit reports and memoranda that provide independent, reliable, accurate, and timely information to the City Council. The 2010-2011 Audit Workplan will include a special focus on ensuring compliance with the auditing and accountability provisions of the *American Recovery and Reinvestment Act of 2009*.
- ✓ Performance reporting. In January 2010, the Office published the City's second annual *Service Efforts and Accomplishments Report: 2008-09 Annual Report on City Government Performance*. The Office will continue this project in 2010-2011, and will continue to work with City staff on audit projects designed to improve the City's performance management and reporting systems as outlined in our 2009 report *Performance Management and Reporting in San Jose: A Proposal for Improvement*.
- ✓ Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30 and December 31 each year. Through December 2009, approximately 95% of the 1,633 recommendations made since May 1985 have been implemented.
- ✓ Continue to improve the website. The Office's website includes copies of audit reports issued by the Office since 1985, and links to the City Council Committee archive video of the hearings where available. The website receives approximately 10,000 visits per month. The Office will continue to ensure that information on the site is current and relevant.

Office of the City Auditor
Strategic Support CSA

Core Service: Audit Services

Core Service Purpose

Audit Services identify ways to increase the economy, efficiency, effectiveness and accountability of City government and provide independent, reliable, accurate and timely information to the City Council and other stakeholders.

Key Operational Services:

- ☐ **Conduct Performance Audits**
- ☐ **Conduct Special Audits and Reviews**
- ☐ **Facilitate Annual Financial Audit**
- ☐ **Recommendation Follow-up**

Performance and Resource Overview

Audit Services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective and timely information to the City Council, City Administration, and the general public.

The Office of the City Auditor tracks the implementation status of approved audit recommendations. Over the last ten years, the Administration implemented approximately 83% of the recommendations made by the City Auditor. In 2009-2010, the Office completed approximately 22 audit projects, identifying about $11.7 million in cost savings and revenue enhancements.

In 2008-2009, a budget reduction of 6.8% was achieved by flattening the audit organization and removing a supervisory layer. In 2009-2010, a budget reduction of 10% included the elimination of two Program Performance Auditor positions. For 2010-2011, reductions include the elimination of one vacant Program Performance Auditor position, reductions to non-personal/equipment funding, and a reduction of employee total compensation totaling approximately $217,000. In addition, recognizing that the Office has been successful in attracting unpaid student interns, the Office's paid intern program was eliminated. In 2010-2011, one-time funding of approximately $65,000 from the Airport Department will allow the Office to conduct concession audits. The reduction of one audit staff position, in conjunction with staffing reductions in prior years, will result in fewer audit recommendations to improve the efficiency and effectiveness of City services.

Performance and Resource Overview (Cont'd.)

Audit Services Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 % of audit recommendations implemented (cumulative over 10 years)	N/A*	80%	83%	80%
$ Ratio identified monetary benefit to audit cost	$3.7 to 1	$4 to 1	$4.8 to 1	$4 to 1
🕐 % of approved workplan completed or substantially completed during the fiscal year	88%	100%	78%	100%

Changes to Performance Measures from 2009-2010 Adopted Operating Budget: Yes[1]

* This performance measure was recently revised; data from 2008-2009 is not readily available.

[1] Changes to Performance Measures from 2009-2010 Adopted Budget:
- X "% of audit recommendations adopted by the City Council" was deleted, as it was determined that this measure was not meaningful because it is rare that a recommendation is not adopted by City Council.
- X "Ratio of actual to estimated audit benefit" was deleted, as it was determined that this measure is not meaningful on an annual basis because of timing lags. Furthermore, actual implementation may take a different form than the actual recommendation.
- X "% of audits completed within 30 days of the projected completion date" was deleted, as it was determined that this measure is not meaningful because the office generally does not provide target dates until the report writing is complete.
- X "% of City Council members rating the reliability, timeliness and value of audit services good or excellent" was deleted, due to the small number of respondents.
- X "% of auditees rating the reliability, timeliness, and value of audit services good or excellent" was deleted, due to the small number of respondents.
- ↺ "% of audit recommendations implemented within one year of adoption" was revised to reflect cumulative data, as well as correct for the time it takes to get recommendations implemented.
- ↺ "Ratio estimated audit benefit to audit cost" was revised to provide language clarification.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of audit reports issued	23	20	22	20
Number of audit recommendations adopted	103	60	103	60
Number of audit reports per auditor	1.8 to 1	1.5 to 1	1.7 to 1	1.5 to 1
Identified monetary benefits (i.e., revenue enhancements and cost savings)	$8,846,470	$8,500,000	$11,685,590	$8,500,000

Changes to Activity and Workload Highlights from 2009-2010 Adopted Operating Budget: Yes[1]

[1] Changes to Activity and Workload Highlights from 2009-2010 Adopted Budget:
- X "Actual audit benefits" was deleted, as it was determined that this measure is not meaningful due to timing lags and variances between the original recommendation and the final implementation.
- ↺ "Estimated audit benefits" was revised to provide wording clarification.

Office of the City Auditor

Strategic Support CSA

Core Service: Audit Services

Performance and Resource Overview (Cont'd.)

Audit Services Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,241,059	$ 2,169,566	$ 2,232,183	$ 1,851,352	(14..7%)
Non-Personal/Equipment	246,803	98,806	98,806	65,656	(33.6%)
Total	**$ 2,487,862**	**$ 2,268,372**	**$ 2,330,989**	**$ 1,917,008**	**(15.5%)**
Authorized Positions	**17.00**	**16.00**	**15.00**	**14.00**	**(12.5%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Audit Staffing	(1.00)	(155,195)	(220,145)
2. Auditor's Office Management and Professional Employee Total Compensation Reduction		(114,803)	(114,803)
3. Auditor's Office Total Employee Compensation Reduction		(97,172)	(97,172)
4. Auditor's Office Non-Personal/Equipment Funding		(33,150)	(33,150)
5. Auditor's Office Intern Program		(13,661)	(13,661)
2010-2011 Adopted Core Service Changes Total	**(1.00)**	**(413,981)**	**(478,931)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents services provided within the Office that support and guide the provision of the core service.

Key Operational Services:

- ☐ **Administrative Support**
- ☐ **Network Support**

Performance and Resource Overview

Strategic Support in the Office of the City Auditor includes the underlying systems that allow the Office to function and provide its core service. For 2009-2010, there are no resource changes.

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 5,925	$ 106,920	$ 110,445	$ 105,071	(1.7%)
Non-Personal/Equipment	0	3,497	3,497	3,497	0.0%
Total	**$ 5,925**	**$ 110,417**	**$ 113,942**	**$ 108,568**	**(1.7%)**
Authorized Positions	**1.00**	**1.00**	**1.00**	**1.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

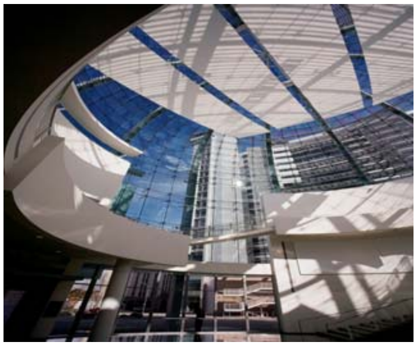
Strategic Support

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Auditor's Office Total Employee Compensation Reduction		(5,374)	(5,374)
2010-2011 Adopted Strategic Support Changes Total	**0.00**	**(5,374)**	**(5,374)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Office of the City Clerk



Mission: *Provide strategic support services and leadership to maximize public access to municipal government*

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Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOME

- ❒ The Municipal Legislative Process is Accessible and Open to the Community

OVERVIEW

Service Delivery Accomplishments

The Office of the City Clerk continues to ensure that mandated services are provided in the most cost effective manner possible to cope with the City's challenging fiscal environment. In 2009-2010, the Office:

- Conducted elections for the Mayor, City Council Members, and ballot measures in accordance with the City Charter and the State Elections Code. Maintained compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- Prepared and distributed Agenda packets, synopses, and action minutes of City Council and Rules and Open Government Committee meetings and posted them on the City's website. Prepared and distributed minutes for other City Council Committees. Both City Council and City Council Committee meetings were web-cast live, indexed, and archived for on-demand replay.
- Provided access to the City's legislative records and documents. Requests for the City's legislative records and related public documents were received and fulfilled under provisions of the California Public Records Act. The Municipal Code, City Charter, and Council Policy Manual were updated and posted on the City's website, and all documents presented to the City Council were indexed for storage and retrieval and made available to the public.
- Provided fiscal, grant, budget, human resources, payroll, administrative, and technical support services to the Mayor's Office, City Council Offices, and for the City's Boards, Commissions, and Committees.
- Reviewed all City contracts for administrative compliance and made them available for review. Published bids for construction projects in an appropriate newspaper, as required by law, and publicly opened bids for construction projects.
- Provided transparent legislative services by implementing Sunshine/Open Government Reforms, transitioning from more traditional labor and paper-intensive processes to online systems, and installing a high-efficiency filing system to enable commonly requested documents to be housed in City Hall.
- Conducted employee elections to nominate employee representatives for appointment by the City Council to the Retirement Boards and Civil Service Commission.
- Provided support for City Council appointments to Boards, Commissions and Committees, including orientation and training to new Commissions and Commissioners. Provided direct support to the Project Diversity Screening Committee and the Civil Service, Elections, and City Council Salary Setting Commissions.

Service Delivery Environment

The Office of the City Clerk continues to see heavy volumes of workload in all areas of Office operations. As the Office of the City Clerk plans for the next five years, the overarching issue remains enhancing the use of technology to improve and expedite service. Specific examples of trends, issues, and opportunities include:

- The development and adoption of new Open Government policies and procedures based on initiatives such as the "Reed Reforms" and recommendations from the Sunshine Reform Task Force, including disclosure requirements (calendars, outside income, and fundraising) for the Mayor and City Council Members.

Service Delivery Environment *(Cont'd.)*

- The Office's need for an improved, less labor intensive process for creating and disseminating City Council meeting agendas and memos, as well as the need for improved technology to enhance the public's access to the City's legislative process and records.
- The community's rising expectation of online access to candidate and committee campaign disclosure statements and activity reports by lobbyists.

Budget Dollars at Work: Performance Goals

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community

The Office of the City Clerk has three strategic goals and objectives:

- ✓ Deploy technology resources effectively
- ✓ Increase efficiency of service delivery
- ✓ Maintain high levels of customer service

The Office of the City Clerk will provide services directly related to its outcome:

- ✓ Successfully conducting municipal elections for Mayor, City Council Members, and ballot measures;
- ✓ Creating and distributing agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; preparing and distributing minutes for all other Council Committees;
- ✓ Posting all changes to the San José Municipal Code and the City Council Policy Manual on the web and the publication and distribution of hard-copy supplements;
- ✓ Creating and maintaining a legislative history of City Council actions and indexing and filing all public records, such that the records can be retrieved in a timely manner and the history is readily available;
- ✓ Conducting the recruitment, application, and selection processes for boards and commissions through the Project Diversity Screening Committee and direct City Council interview and appointment;
- ✓ Conducting employee and retiree elections for both Retirement Boards and the Civil Service Commission, which include members representing City employees and retirees;
- ✓ Providing administrative support services to the Elections Commission, Civil Service Commission, and Council Salary Setting Commission and the Project Diversity Screening Committee;
- ✓ Researching City Council actions and records from the adoption of the City Charter to the present;
- ✓ Providing administrative support for fiscal management, human resources administration, budgeting, grant administration, and procurements for the Mayor and City Council Offices and the Office of the City Clerk; and
- ✓ Accepting and making available all Statements of Economic Interests campaign finance disclosure forms, lobbyist registration and reporting forms, and all disclosures required of the Mayor and City Council Members (calendars, fundraising solicitations, and outside income disclosure).

Office of the City Clerk

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process

Core Service Purpose

Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws.

Key Operational Services:

- ☐ **Provide Legislative, Technical, and Administrative Support to the Mayor, City Council, Boards, Commissions, and Committees**
- ☐ **Improve and Preserve Public Access to the City's Legislative Records and Documents**
- ☐ **Ensure Compliance with Open Government, Campaign Finance, Lobbyist Registration, and Other Public Disclosure Requirements**
- ☐ **Conduct Elections**

Performance and Resource Overview

The Office of the City Clerk assists the City Council in accomplishing the legislative process and making that process readily accessible to the public. Personnel, fiscal, and budgetary support services are provided to the Mayor's Office and the individual City Council Offices. The Office also provides administrative and technical support to the: City Council's Rules and Open Government Committee; and the Civil Service, San José Elections, and City Council Salary Setting Commissions. Staff support for city-wide Board and Commission recruitments and appointments through the Project Diversity Screening Committee is another key service performed by the Office. In addition, the Office ensures elections are conducted in accordance with the City Charter, the Municipal Code, and the Election Code of the State of California for the purpose of electing the Mayor, City Council Members, and submitting ballot measures to the electorate.

Ongoing issues include maximizing the community's access to the legislative process, while meeting weekly mandated deadlines and maintaining the City's legislative history through the efficient filing and retrieval of records associated with City Council actions and supporting material dating from the 1850s to the present. In recent years, the Office has initiated efforts to effectively utilize technology solutions to increase workflow efficiencies and governmental transparency. The Office continues to work closely with the City Manager's Office and the Information Technology Department to streamline the City Council and Committee agenda/packet process, and to place more information on the City Clerk's web page, including codification of the City Council Policy Manual. While the immediate result of this action is an increase in access to the documents that make up current agenda packets, in the future, this will improve access to the City Council's legislative history. The administration of highly complex State and local election laws and other Open Government reforms and financial disclosure reporting requirements remain important issues facing the Office of the City Clerk.

Core Service: Facilitate the City's Legislative Process

Performance and Resource Overview (Cont'd.)

In order to achieve General Fund savings, a Legislative Secretary position in the Records Division was eliminated and an Office Specialist position was added. In a realignment of staffing duties, basic clerical duties performed by the records unit will be consolidated and fulfilled by the new Office Specialist position. This position will provide receptionist functions to walk-in customers and those who contact the Office via phone, fax, and email. Eliminating a higher level Legislative Secretary position would reduce staffing by one third for internal customer research support and may result in research and record retrieval delays to the organization. This reduction, however, would not impact public access to documents or the ability to fulfill provisions of the California Public Records Act. Records would continue to be indexed, archived, and retrieved for access by the public.

Core Service: Facilitate the City's Legislative Process

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 % of Council reports available online 10 days prior to the meeting	95%	95%	95%	95%
$ Estimated cost to document and track legislative actions per Council meeting	$3,716	$14,000	$3,774	$4,000
🕐 % of Public Records Act requests received and fulfilled by the Clerk's Office within 10 days of request	100%	100%	100%	100%
🕐 % of Council synopses completed and posted online within three business days after the Council meeting	95%	95%	95%	95%
🕐 % of Resolutions/Ordinances processed/ posted online within 30 days of final Council action	70%	65%	70%	70%
🎗 % of customers rating customer service experience with the Clerk's Office as good or excellent	83%	85%	80%	85%

Changes to Performance Measures from 2009-2010 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2009-2010 Adopted Budget:

- ✗ "% of customers rating the timely provision of information requested or referral to appropriate alternate source as good or excellent" was deleted, as it was determined that this data is captured as part of the "% of customers rating customer service experience with the Clerk's Office as good or excellent" measure.

Core Service: Facilitate the City's Legislative Process

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of meetings staffed*	193	200	213	205
Number of board/commission applications processed	125	100	164	150
Number of contracts processed**	1,859	2,400	1,900	1,900
Number of grants processed (Council Office and Hewlett-Packard)	388	450	400	400
Number of Statements of Economic Interests processed	1,600	1,600	1,650	1,700
Number of campaign filings processed	339	400	370	400
Number of ads placed in legal publications	330	350	330	N/A***
Number of Lobbyist Reports processed	447	600	450	450
Number of Ordinances and Resolutions processed	819	950	850	800
Number of Council Actions recorded, processed, and tracked	2,474	1,400	1,056	1,400
Number of Public Records Act requests processed	355	1,500	402	500
Number of internal requests for information/ documents processed	1,024	950	996	1,025

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

* Meetings defined as City Council meetings and study sessions, and meetings of the Rules and Open Government Committee; Civil Service, Elections, and Council Salary Setting Commissions; Council Committees and Project Diversity Screening Committee.

** Data includes contracts and grants processed.

*** This measure has no 2010-2011 Target and will be deleted during the 2011-2012 Budget process due to the elimination of this service being provided by the City Clerk's Office.

Core Service: Facilitate the City's Legislative Process

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Personal Services	$ 1,854,672	$ 1,649,190	$ 1,733,028	$ 1,660,772	0.7%
Non-Personal/Equipment	1,965,878	2,222,797	1,287,797	2,967,797	33.5%
Total	**$ 3,820,550**	**$ 3,871,987**	**$ 3,020,825**	**$ 4,628,569**	**19.5%**
Authorized Positions	**15.00**	**14.00**	**14.00**	**14.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Services**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Clerk's Office Total Employee Compensation Reduction		(33,116)	(33,116)
2. Clerk's Office Records Request and Research Staffing	0.00	(20,258)	(20,258)
3. Clerk's Office Management and Professional Employees Total Compensation Reduction		(18,882)	(18,882)
4. Ballot Measure Costs		280,000	280,000
5. Rebudget: Election Costs		1,400,000	1,400,000
2010-2011 Adopted Core Service Changes Total	**0.00**	**1,607,744**	**1,607,744**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents the services provided within the Office that support and guide the provision of the core service.

Key Operational Services:

☐ **Long Range Policy Development**
☐ **Financial Management**
☐ **Human Resources**

Performance and Resource Overview

Strategic Support in the Office of the City Clerk includes the underlying systems that allow the Office to function and provide its core service.

For 2010-2011, the elimination of an Analyst position within the contracts unit, which provides centralized contract/grant processing and tracking for the City, will reduce staffing in this unit by 50%. The remaining position in this unit will continue to execute and file contracts/grants as well as archive them electronically for retrieval. This reduction will require a re-engineering of the processing of contracts, grants, and agreements and may result in extended service times for internal and external customers. Newspaper publications of Notices to Contractors for construction projects and the public opening of construction bids will be shifted from the Office of the City Clerk to the operating department responsible for project management.

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 116,553	$ 202,814	$ 214,285	$ 103,182	(49.1%)
Non-Personal/Equipment	0	18,133	18,133	18,133	0.0%
Total	**$ 116,553**	**$ 220,947**	**$ 232,418**	**$ 121,315**	**(45.1%)**
Authorized Positions	**2.00**	**2.00**	**2.00**	**1.00**	**(50.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

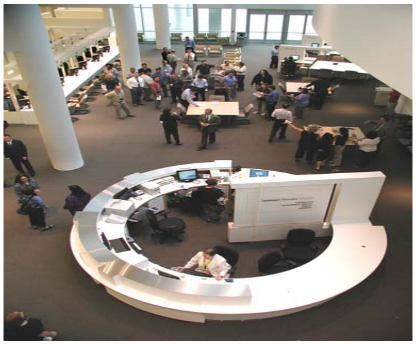
Strategic Support

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Clerk's Office Contracts and Ethics Compliance Staffing	(1.00)	(111,103)	(111,103)
2010-2011 Adopted Strategic Support Changes Total	**(1.00)**	**(111,103)**	**(111,103)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Office of the City Manager



Mission: *Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs*

Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police Auditor

CSA OUTCOMES

- ❒ The Community Receives Customer-Focused, Results-Driven Services
- ❒ The Mayor and Council are Effectively Supported in Making Public Policy Decisions
- ❒ Employees Understand, are Committed to, and Accountable for, the City's Vision, and Have the Capacity to Achieve It

Service Delivery Accomplishments

- A key focus over the past year for the Office of the City Manager has been on the development of the 2010-2011 budget. This has undoubtedly been one of the most difficult budgets to develop given the size of the General Fund shortfall as well as the budget challenges in other City funds. This budget included a combination of cost saving strategies, revenue strategies, and service reduction/elimination strategies to address the $118 million General Fund budget gap. Significant service reductions and eliminations were approved that will require a re-focusing and a retooling of the way we do business. Six of the 11 City bargaining units agreed to a 10% reduction in total compensation that significantly reduced the service impacts to the community and the loss of City jobs. On August 3, 2010, subsequent to the adoption of the 2010-2011 Operating Budget, the City Council approved an agreement with the San José Police Officer's Association for employee total compensation reductions. This agreement included the restoration of 70 Police Officer positions in Field Patrol (62 positions through June 30, 2011 and eight positions ongoing) in order to avoid the layoff of sworn Police employees in August 2010. As a result, 16 vacant Police Officer positions will be eliminated in 2010-2011 and elimination of these positions will be distributed throughout the patrol team structure.

- In January 2010, the 2010-2011 Base Budget Department Program Dictionary was released, providing information on over 550 discrete City programs. The Program Dictionary is intended to supplement information included in the Adopted Budget.

- A pilot Program Prioritization effort was implemented this year to help inform potential service reductions and eliminations as well as identify potential duplication of effort and opportunities to consolidate similar programs.

- According to the City's January 2009 Community Satisfaction Survey, the vast majority of residents (82%) are satisfied with the services provided by the City and overall satisfaction levels are very similar to those seen in previous surveys.

- Council approved the placement of a ballot measure on the June Municipal Election to increase the Cardroom Tax rate, increase the number of cardroom tables, permit any card game authorized under State law consistent with City regulations and betting limits as authorized under State law, all subject to City audit and oversight. This item was approved by voters in June 2010.

- The City developed a financing plan to assist the Redevelopment Agency pay for its Supplemental Educational Revenue Augmentation Fund (SERAF) payment. The plan focused on the following principles: maintain fiscal health of the City and Agency; minimize risks to the General Fund and Housing Fund; maximize flexibility; ensure lowest cost of funds available; and minimize impact to Housing Programs.

- On February 17, 2009, the American Recovery and Reinvestment Act of 2009 was signed into law. The City Manager's Office led city-wide efforts to optimally position San José for funding opportunities as well as to ensure implementation of the projects and programs in accordance with the unprecedented accountability and transparency requirements. San José is currently slated to receive $105 million for infrastructure improvements, public safety, housing assistance, and job training services.

- The City launched the Neighborhood Commission and began working closely with this Commission, especially during the January 2010 Neighborhood Association Priority Setting Session in which the commissioners facilitated the round table discussions with the neighborhood leader participants.

- The final Sunshine Reform Taskforce recommendations were approved by the City Council in March 2010.

Service Delivery Accomplishments *(Cont'd.)*

- On March 9, 2010, the City Council accepted the 2009 Annual Green Vision Report and adopted the 2010 Work Plan. Progress on the Green Vision includes over 4,000 Clean Tech jobs created by San José companies, annual cost savings of almost $1 million through municipal energy efficiency and renewable energy projects, City fleet's fuel consumption reduced by over 11%, and construction of over 3 miles of new trails.
- The City Manager's Office established an inter-departmental Regional Influence Team to increase San José's effectiveness in using regional agencies/forums to advance city goals and secure financing from regional, statewide, and national sources. Through the work of this staff team and Mayor/City Council, San José aims to be more visible, vocal, and active with key regional agencies that make policy, plans, and funding decisions.
- The Beyond Budget Cuts Team has formed Action teams and initiatives to work on reducing burdensome processes, empowering employees and developing tools to support innovation as well as technology leadership. Examples of work products and results include: streamlining overly complicated purchasing rules, travel policies, and using e-signature reports and electronic Council packet distribution. Work continues on streamlining the CEQA review process. e-Ideas is close to being launched and will provide employees with an easily accessible mechanism to identify better ways of doing business. Technology is an area that was identified in the organizational assessment as needing an upgrade. The City Manager has formed a new Technology Leadership Council to identify technology opportunities that boost organizational and employee productivity.
- Over the past decade the City has embarked on various initiatives to improve Downtown San José. Staff has shaped these initiatives and now leads the implementation and coordination of these policies such as the new Entertainment Zone Policing Model, Cost-Sharing, Downtown Zoning Overlay, Promoters Ordinance, recommendations of Hospitality Zone Assessment Report, and the "Small Wonders" partnership with 1stACT Silicon Valley. Additionally, staff serves as City liaison to the Downtown business and entertainment community, providing assistance to resolve conflicts and clarify ordinances, regulations, and procedures.
- The City has been a key partner in ensuring the success of the Census 2010 response. As of the writing of this document, the mail participation rate for San José is 74%. Key activities such as a San José focused multi-language website, public service announcements and advertising, Recycle Plus bill inserts, flyers, community engagement, and street banners were developed to help with city-wide and targeted outreach and education efforts.

Service Delivery Environment

- The Administration is actively managing the City's budget to ensure the continued fiscal health of the City given the extremely difficult economic environment. The effects of the worst economic downturn in recent history continue to negatively impact the budgetary performance of City funds. While there are some signs that the economy has reached bottom, slow recovery is anticipated, particularly for City revenues.
- As a result of the economic downturn, the Administration made several adjustments during 2009-2010 in the Development Fee Programs, the General Fund, and several special/capital funds to ensure the City remained in balance in 2009-2010 and was better positioned for 2010-2011 budget reductions. This included lowering the revenue estimates for a number of economically sensitive revenue categories based on 2009-2010 performance.
- With Council's direction, the Administration engaged in negotiations with nine of the City's 11 bargaining units. During 2010-2011, the Administration will be in labor negotiations with at least ten of the 11 bargaining units.
- In February 2010, Council approved a recommendation to place a hold through 2010-2011 the design and construction of new parks and recreation facilities which do not fit within the near term strategies outlined in the City Council approved Greenprint 2009 Update. The Administration will be facilitating a process with community stakeholders to brainstorm alternative funding mechanisms for facility operations and maintenance.
- Passenger activity and air service retention/attraction are the key to revenue growth at the Airport. Airline passenger activity declined 7% in 2009-2010. The Airport continues to face severe concerns about cost competitiveness, which were initially communicated to the Council on March 8, 2010 in a special study session. The Airport Department returned to the Rules Committee on May 5 with a strategic plan and City Council approved the plan on May 25, 2010.
- Permit activity for residential, commercial, and industrial construction has been significantly below prior year levels as a result of the declining economy and corresponding slowdown in the construction industry.
- More encouraging is the real estate market which has shown a slight upswing in terms of increases in the median home price, lower days on market for properties, and increases in the number of property transfers.
- Residents from throughout San José continue to partner with the City to work on improving their communities through the Strong Neighborhoods Initiative. This coming year marks a change in the service delivery model that aligns more with the reductions that have taken place throughout the organization. A new SNI Business Plan was developed in 2009-2010 and will be implemented in 2010-2011.

Budget Dollars at Work: Performance Goals

This section organizes the key goals and objectives of the City Manager's Office based on three outcomes. These priorities guide the efforts of City Service Areas (CSAs) and departments in providing services.

Outcome 1: The Community Receives Customer-Focused, Results-Driven Services

- ✓ A key area of focus for the City Manager's Office has been and will continue to be working on organizational /service changes to transition the City into a smaller, more focused, more efficient, and more sustainable organization in 2010-2011 and beyond.
- ✓ Continue to implement an aggressive communication plan for community outreach on organizational and service delivery changes.
- ✓ Continue the work of the Beyond Budget Cuts organizational improvement effort to change the way we do business, streamline processes, increase employee empowerment, and achieve results during an environment of constant change, increasing complexity, and constrained financial resources.
- ✓ Continue to work closely with the community, community-based agencies, faith-based organizations, law enforcement agencies, the County, State, and federal agencies, and youth on public safety issues.
- ✓ Continue to implement efforts and operational changes by the City Manager's Downtown Advisory Committee including the entertainment zone policing model, amendments to Title 6 and Title 20 of the San José Municipal Code related to the public entertainment ordinance, streamline the permitting process for downtown nightlife businesses, finalize "San José Nightlife Businesses Best-Practices" Guidelines and finalize cost-sharing fee schedule.
- ✓ Continue to deliver quality capital projects on-time and on-budget. Of the 177 projects completed or under way in 2009-2010, some key projects include Mineta San José International Airport Terminal Area Improvement Program; East San José Carnegie and Santa Teresa Libraries; Happy Hollow Park and Zoo; Penitencia Creek trail; Fire Stations 21, 36 & 37; the Southside Police Substation; over 20,000 feet of sanitary and storm sewer lines; several sidewalk, accessibility, and traffic signal improvement projects; and the conversion of 155 low pressure sodium streetlights to LED. A capital improvement program status report was presented to Council in March 2010.
- ✓ Respond to the growing foreclosure crisis in San José by holding foreclosure fairs and applying for federal economic stimulus funding to help purchase distressed properties.
- ✓ Continue to assist and strengthen all communities in San José with the implementation of the new Strong Neighborhoods Initiative (SNI) service delivery approach based on the new business plan.

Budget Dollars at Work: Performance Goals *(Cont'd.)*

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions

- ✓ Bring forward a balanced budget for the General Fund and all other funds in the 2010-2011 Operating and Capital Budgets and the 2011-2015 Five-Year Capital Improvement Plan that reflects the City Council and community goals for the City.

- ✓ Continue early budget engagement efforts in future budget cycles. January and February 2010 marked the fourth year of the Policy Priority Setting Sessions for the Community and the Council, with a continued emphasis being placed on addressing the deficits. Consider how to build on the pilot Program Prioritization effort in future years.

- ✓ Continue to support the Council on Sunshine Reform implementation.

- ✓ Continue to strengthen the City-County Partnership by meeting regularly with the County Executive, supporting meetings between key City and County elected officials, and focusing attention on possible shared services between the organizations.

- ✓ Aggressively implement the Economic Strategy 2010, including priority strategic goals and workplan actions identified by City Council.

- ✓ Continue to engage the Council on Green Vision implementation, including policy, advocacy and funding priorities. Recognizing the opportunity to seize a global market opportunity and ensuring San José's position as a model 21st century city, the City Council, in October 2007, adopted San José's Green Vision, a bold roadmap that is intended to model how innovation and environmental responsibility can strengthen economic opportunity and can, in fact, be a vital catalyst for spurring prosperity. Thus, success of the Green Vision will be measured by a triple bottom line: how it strengthens the regional economy, how it creates a more sustainable community, and how it enhances the quality of life for residents.

- ✓ Continue to make pursuing grants and partnerships a top priority given the significantly limited funding available for infrastructure and Green Vision initiatives.

- ✓ Implement streamlined approaches for agenda management, including paperless distributions and use of technology and online agenda management services and the use of the new Routine Council Memo Template.

- ✓ Continue to issue quarterly Council Referral reports and use the reports to monitor and pace organization workload and re-evaluate priorities periodically to focus resources strategically.

- ✓ Continue investment in intergovernmental relations, with the key focus on advocacy for the City's needs at the regional, State, and federal levels and working with the Regional Influence Team to make San José's voice heard.

Budget Dollars at Work: Performance Goals *(Cont'd.)*

Outcome 3: Employees Understand, are Committed to, and Accountable for, the City's Vision, and Have the Capacity to Achieve it

- ✓ Continue Beyond Budget Cuts efforts. Continuously improving and pacing the organization has become more important in day-to-day operations as the City Manager provides strategic leadership for the organization, supports the City Council, and motivates the workforce to deliver high quality services in an environment of increasing demands and decreasing resources. During 2010-2011, the City Manager will continue to provide the leadership and strategically target efforts to challenge the organization to continue developing innovative ways to deliver services, streamline operations, be more efficient, and eliminate redundancies.
- ✓ Continue to strengthen partnerships with the City's employee labor unions.
- ✓ Continue to work with the employees to develop the organization's capacity in civic engagement to make a difference in the civic life of our community.
- ✓ In this difficult fiscal environment, it is imperative that communication continues between the City Manager and employees. This will occur through ongoing meetings with employee groups and increased communication to employees via brown bag lunches, Coffee Talk with the City Manager, field visits, e-mail notifications, and video streaming opportunities.
- ✓ The Council-commended website, *Students: From Campus to City Hall*, is in its second year of successful service as the primary communication tool for the Public Sector Career Initiative. The City Staff-Student-Professor partnership is a talent management best practice and continues to be a priority, although scaled back due to the fiscal crisis. The Management Fellowship Program maintained its current Fellows in active rotations, but suspended the 2009-2010 recruitment process. The City-wide Internship Program saw a 50% drop in staff hosts and department opportunities; however those staff hosts are offering robust experiences and student interest remains strong. This year approximately 450 students applied for 22 new internships. A new City Intern Policy rolled out during summer and a long-overdue Master Intern Agreement with SJSU is underway. Lastly, San José invited 150 high school students to the highly successful 5th Annual City-wide Job Shadow Day.
- ✓ Implementing another best practice, the City continues to advance a Workforce Diversity & Inclusion (D&I) Strategy rooted in the Employee Values. The core message of the strategy is that *Diversity Drives Innovation*. This message is included in several of the City's employee training series. New team offerings include the Medici Innovation Practicum, a Team Culture Makeover series, and coming in fall 2010, the Innovation Incubator, a 10-week team experience. Additionally, customized diversity trainings requested by specific departments (Fire and ESD) are under development and will include the widely-regarded material Ouch! That Stereotype Hurts. Finally, ICMA selected City staff's proposal for a new diversity workshop and allocated a 200-person forum at the Annual Conference in October 2010.
- ✓ Workforce Planning efforts continue at the Wastewater Treatment Plant to research, develop, and implement sustainable programs in the critical areas of Training and Development and Knowledge Management.
- ✓ Continue to use new forms of technology to link our workforce and engage the community by use of Wikis, Blogs, Twitter, and Facebook. San José developed a social media policy in 2009 and has begun implementing new technology to connect employees, to better engage our community, and to make it easier to provide feedback to the City. A Social Media Team, comprised of members from the City Manager's Office and various departments, is working on best practice standards that will ensure a professional and consistent City presence across platforms, and will make it easier for departments to deploy new technologies for civic engagement.

Core Service: Analyze, Develop, and Recommend Public Policy

Core Service Purpose

Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy.

Key Operational Services:

- ☐ **Council Relations and Council/ Committee Agenda Support**
- ☐ **Public Policy Development**
- ☐ **Intergovernmental Relations**
- ☐ **Budget**

Performance and Resource Overview

The City Manager's Office works to ensure that the City Council can rely on thorough, strategic, and impartial staff work in support of its policy and budget decisions. Members of the Administration, Budget, Agenda Services, and Intergovernmental Relations staff focus on those goals to ensure that the City Council has the information it needs to make informed decisions. In addition, Intergovernmental Relations staff assists the City Council in its efforts to influence policy-making and legislation at the regional, State, and national levels.

This past year presented complex challenges for the City Council and the Administration. The Administration has worked closely with the City Council to develop strategies to address an unprecedented General Fund shortfall in 2010-2011. In this difficult environment, both the City Council and the Administration have demonstrated leadership in the ability to recommend and set policy that preserves, to the extent possible, the City's most critical services, responds to residents' needs, and continues to respond to other complex issues.

Given the extremely difficult budget challenges that faced the City and the severity of the actions necessary to close the 2010-2011 budget gap, the Administration continued the early budget engagement process that began in January 2007 for Fiscal Year 2007-2008 and expanded its planning efforts this year to include the development of a Program Dictionary as well as implementation of a pilot Program Prioritization effort.

Early input from the community and the City Council has been incorporated into the annual budget process. In 2009, the early budget engagement process included the Special City Council Meeting on 2010-2011 Budget Planning that was held on November 5, 2009, the Mayor's City of San José Budget Message Workshop held on December 17, 2009, the 2010 Community Budget Telephone Survey conducted from January 13 to January 21, 2010, the Neighborhood Associations/Youth Commission 2010-2011 Priority Setting Session held on January 23, 2010, and the City Council/Senior Staff Study Session on the 2010-2011 Budget Planning Update held on February 16, 2010. In addition, early information on the budget proposals that were expected to be brought forward in the 2010-2011 Proposed Budget was released in late March 2010 to allow more stakeholder understanding and sufficient transition period for reduced/eliminated City services.

Core Service: Analyze, Develop, and Recommend Public Policy

Performance and Resource Overview (Cont'd.)

The Mayor and City Council directed the Administration to include program level information as part of the 2010-2011 budget process to allow for a more in-depth review of City services. In response to that direction, the Administration released a 2010-2011 Base Budget Department Program Dictionary in January 2010, which provides a listing and basic description of over 550 discrete programs provided by the City as reflected in the 2010-2011 Base Budget, including program cost, staffing, and associated resources managed. The Program Dictionary is intended to supplement information included in the Adopted Budget and served as a resource to the Mayor and City Council as well as the community and stakeholders during the budget process.

A pilot Program Prioritization effort was also implemented this year. This effort, in combination with the Program Dictionary, was intended to inform the City's 2010-2011 budget process and serve as a tool to identify potential service reductions and eliminations as well as potential duplication of effort or opportunities to consolidate similar programs and/or services. The City's direct service programs were ranked into four priority levels designed to reflect the relative influence of these programs on achieving the City's five Public Priority Results (Safe City; Prosperous Economy; Green, Sustainable City; Attractive, Vibrant Community; and Reliable, Well-Maintained Infrastructure). As part of this process, approximately 1,000 responses from various stakeholders were received on valuing the Public Priority Results to weight the program scores. Respondents were asked how they would invest $100 in achieving these Priority Results.

A key goal was to manage the difficult budget process in a manner that increased stakeholder knowledge, strengthened relationships, and moved the City organization toward a more sustainable future.

Within this Core Service, Agenda Services and Intergovernmental Relations also played a pivotal role in coordinating professional expertise and support to the City Council in the formulation, interpretation, and application of public policy. Despite the challenging economic climate, these functions continued to coordinate staff resources and uphold the implementation of Open Government Initiatives.

To assist with the Intergovernmental Relations activities, the City Manager's Office established an inter-departmental Regional Influence Team to increase San José's effectiveness in using regional agencies/forums to advance city goals and secure financing from regional, statewide, and national sources. Through the work of this staff team, the Mayor, and the City Council, San José aims to be more visible, vocal, and consistently active with key regional agencies that make policy, plans, and funding decisions, especially ABAG, MTC, and BAAQMD. In its first year, the Regional Influence Team San José accomplished the following: influenced the ABAG *Projections 2009* in San José's favor, substantially increased our effectiveness getting transportation projects prioritized for federal funding through MTC; successfully changed some draft BAAQMD rules that would have stifled local development; secured a seat on the Climate Bay Area Subcommittee (of the SB375 Joint Policy Committee); and secured representation on the BAAQMD board (through recent appointment by the Cities Association of Councilmember Kalra). The Regional Influence Team will also lead San José's involvement in the "Realizing the California Dream" project of Joint Venture: Silicon Valley

Core Service: Analyze, Develop, and Recommend Public Policy

Performance and Resource Overview (Cont'd.)

and American Leadership Forum to exert Silicon Valley's influence on state governance reform efforts next year.

In 2009-2010, Intergovernmental Relations also led the annual update of the Legislative Guiding Principles and Priorities to articulate the City's policy goals. The Rules and Open Government Committee was provided frequent status reports and policy recommendations for official City positions on legislation. The City also continued to aggressively work with its federal and Sacramento lobbyists to focus on advocacy for the City's needs on a local, State, and federal level. However, with the elimination of the legislative public policy director, more reliance will be placed on the Regional Influence Team for legislative support.

Agenda Services is charged with various responsibilities to assist in supporting the City Council make effective and informed policy decisions. These responsibilities include oversight of the policy and administrative agenda development, monitoring and tracking Council referrals, and review of approximately 1,000 City Council reports and 600 Information Memos annually to ensure the items are ready for City Council and Committee consideration and review. Other duties include continued development of the City Manager's weekly reports to inform the Council of current and upcoming activities; coordination with the City Council toward the development of Committee work plans on a bi-annual basis; support of all study sessions held by the City Council; maintenance and tracking of Council Referrals through the Council Referral Database; and oversight of special projects leading to increased efficiencies to meet this core service, including key streamlining measures to assist the organization in being more efficient in the development of policy tools.

In the current fiscal environment, streamlining measures has become even more important for organizational sustainability. For the Council Agenda process, streamlining entails striking a balance between gaining efficiencies for the organization while still being able to provide the Council with information and support to make informed policy decisions. Several efforts began in August 2009 and included the cancellation of one evening Council Meeting a month, more paperless packet distributions and the implementation of an e-signature process. Also, a Routine Council Memo Template that will create efficiencies throughout the organization was launched in August 2010.

In March 2010, the Council approved the last set of Open Government Reforms from the Sunshine Reform Taskforce – a significant milestone for the Administration and Council. Moving forward, it will be the responsibility of the Administration to memorialize these policies in the City Policy Manual and Municipal Code, as well as to ensure sustained compliance with these initiatives.

Core Service: Analyze, Develop, and Recommend Public Policy

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of City Council agenda reports approved	1,000	2,000	1,000	1,000
Number of City Council referrals assigned	100	150	100	100
Number of City-sponsored bills	6	6	6	6
Number of legislative items reviewed	5,152	5,000	5,000	5,000

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Analyze, Develop and Recommend Public Policy Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,117,835	$ 4,143,885	$ 4,648,085	$ 3,863,494	(6.8%)
Non-Personal/Equipment	408,131	466,619	463,119	463,119	(0.8%)
Total	**$ 4,525,966**	**$ 4,610,504**	**$ 5,111,204**	**$ 4,326,613**	**(6.2%)**
Authorized Positions	**31.40**	**30.40**	**29.40**	**27.65**	**(9.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Analyze, Develop, and Recommend Public Policy

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. City Manager's Office Management and Professional Employees Total Compensation Reduction		(330,717)	(329,872)
2. Legislative Public Policy Director	(1.00)	(225,902)	(135,268)
3. City Manager's Office Employee Total Compensation Reduction		(147,627)	(147,627)
4. Intergovernmental Relations Administrative Support Staffing	(0.50)	(49,378)	(45,930)
5. City Manager's Office Administrative Support Staffing	(0.25)	(20,967)	(20,967)
6. City Manager's Budget Office Overtime Funding		(10,000)	(10,000)
2010-2011 Adopted Core Service Changes Total	**(1.75)**	**(784,591)**	**(689,664)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Lead and Advance the Organization

Core Service Purpose

Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity.

Key Operational Services:

☐ **Leadership Management** ☐ **Employee Relations**

Performance and Resource Overview

This core service is a central function of the City Manager's Office that directly guides the organization's ability to effectively implement Council directives. Leadership management helps establish vision and direction that unites the organization toward a common destination. As significant demands increase in an environment of decreasing resources, it is the responsibility of the City Manager to pace the organization in a way that focuses it on specific goals and priorities while pursuing efficiency and streamlining opportunities. In this challenging fiscal environment, the City Manager continues to look for innovative ways to transform and right-size the organization, support economic development, ensure that the City maintains a good fiscal rating, and work collaboratively with other regional organizations and government entities, all while ensuring that essential services are delivered and the organization is positioned and structured to accommodate needed change.

San José is recognized as a leader in municipal management. This reputation is the result of the City government's ability to make progressive public policy decisions and exert influence locally, regionally, and at the State and federal levels. Over the past years, the City has experienced significant public policy challenges related to the services that it provides and has demonstrated the ability to successfully respond to changing needs. Supporting these efforts has been the use of successful strategies in many areas, including the following:

- Budget/Fiscal Management
- Labor Relations
- Community Engagement
- Workforce Development/Communication

These efforts set the leadership and management tone for the entire organization. This year has marked one of the most difficult years of the City's financial history and 2010-2011 may be the most challenging yet. As the City moves into its 9th consecutive year of budget cuts, managing successfully through this difficult time is one of the City Manager's key priorities. It is the partnerships with City Council, staff, various bargaining units, and the community which will make this possible. During 2010-2011 and in future years, a shared commitment to serving our residents and the ability to prioritize City services will help us continue to be the vibrant, healthy organization, and community that we are.

Core Service: Lead and Advance the Organization

Performance and Resource Overview (Cont'd.)

Additionally, during this challenging time, the City is committed to remaining an employer of choice. The City Manager's Office of Employee Relations (OER) supports this important core service, as it is responsible for helping to maintain a sound workforce that is focused on encouraging effective employee relations and supporting a positive, productive, and respectful work environment to enhance the City's ability to deliver efficient, quality customer service.

A significant component of maintaining an effective workforce includes encouraging positive working relations with our employees, and OER helps to facilitate those relations through its workforce partnerships. Continued interaction on an individual basis with each of the bargaining units has allowed City staff to resolve labor/employment issues at the lowest level possible, while continuing to foster and build positive working relationships. OER demonstrated the effectiveness of the City's working partnerships with the bargaining groups by successfully negotiating agreements that achieved a 10% reduction in total compensation with six of the City's 11 bargaining units. These agreements provided the funds necessary to continue services that would otherwise have been reduced and/or eliminated during 2010-2011. The Administration is currently in labor negotiations with one additional bargaining unit. During 2010-2011, the Administration will be in labor negotiations with at least ten of the 11 bargaining units.

San José's delivery of municipal services is dependent upon the commitment and performance of thousands of municipal employees. The City is well served by an exceptional workforce, and a key initiative in this core service is to develop employees to become the City's future leaders. To that end, the City continues to support its leadership development opportunities, including a mentoring program, a leadership academy, and an intensive Art and Practice of Leadership training for those managers who aspire to advance into senior leadership. All leadership development at the City strives to help individuals stay connected to their passion for public service and the delivery of high quality City services even during difficult economic times. These efforts have been designed to achieve the following goals:

- Establish City Manager expectations and norms within the organization
- Stabilize and pace the organization through times of significant transition and change
- Modernize the organization – introduce frameworks and create capacity for innovation in work practices and service delivery, for example, via the Beyond Budget Cuts effort
- Assess and build the bench to prepare the organization for change associated with a retiring workforce and prepare the next generation of public service professionals
- Broaden responsibility and leadership decision–making throughout the organization, where acceptable

Core Service: Lead and Advance the Organization

Performance and Resource Overview (Cont'd.)

Another key area where leadership management is necessary is through the regional relationships with other organizations. As noted in the previous Core Service, the Regional Influence Team, the City/County Manager's Association meetings, and the City/County Partnership meetings have all contributed to building these regional relationships. Throughout the past year, the City Manager continued to meet quarterly with the County Executive to strengthen the City's relationship with the County. This personal commitment, and a concerted organizational emphasis on City/County issues, has resulted in considerable progress on improving our relationship, enhancing communication, and working on issues/projects of mutual benefit and/or concern. These efforts resulted in the 4th Annual City Council-County Board Joint Meeting in September 2009. Both legislative entities met to review key issues of interest for all the residents of San José.

Other initiatives will include the continuing communication and engagement with employees on important issues such as budget impacts, employee morale, and managing the workforce. Weekly e-mail communications are sent to all employees connecting them to the City's Employee News intranet site and Payroll Flyers. A resource site, *StraightTalk*, containing comprehensive information about the budget process, civil service rules, seniority lists, and coping with a lay-off is one of the most visited sites on the Intranet. Regular e-mail communications direct employees to this site and invite questions and comments from employees. In addition, *StraightTalk* brown bag sessions are held each year to provide an in-person forum to share information and answer questions.

The City Manager provides regular e-mail updates to employees on a variety of topics, including the budget, wellness, retirement/fiscal planning, and general information that is employee related. In 2010, the first video message from the City Manager was distributed. In addition, the City Manager meets with employees from all City departments through small-group forums, such as field staff "tailgate" meetings and *CoffeeTalk,* a bimonthly informal meeting where employees meet with the City Manager to ask questions and share ideas. This year, the City Manager's Office is developing materials that will provide a template for Senior Staff to implement some of these same communications methods at the department level.

Core Service: Lead and Advance the Organization

Performance and Resource Overview (Cont'd.)

Lead and Advance the Organization Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
🎯 % of employees who agree or strongly agree they understand and support the City's vision to be a customer-focused, results-driven organization	76%*	76%	76%	76%
🎯 % of employees who say they utilize performance measures to track results and make improvements	45%*	45%	45%	45%
🎯 % of employees who agree or strongly agree they are provided opportunities to make decisions about how to do their jobs	76%*	76%	76%	76%
🎯 % of administrative discrimination, harassment and accessibility complaint investigations resulting in a finding of cause	17%	10%	15%	10%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

* Data from 2006 Employee Survey; the next Employee Survey is anticipated to be conducted in fall 2010.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of "Step 3" grievances received*	11	15	15	15
Number of training sessions offered by the Office of Employee Relations	70	70	65	70
Number of formal disciplines received	65	50	50	50
Number of external fair employment complaints filed	12	20	20	20

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

* Step 3 grievances are defined as the final step in grievance procedures for internal resolution. If the grievance is not resolved at Step 3, unions may appeal it to arbitration. A grievance is defined as any dispute between the City and a union regarding the interpretation or application of the written Memorandum of Agreement or the Employer-Employee Resolution #39367, as amended.

Core Service: Lead and Advance the Organization

Performance and Resource Overview (Cont'd.)

Lead and Advance the Organization Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,495,312	$ 1,337,526	$ 1,554,245	$ 1,477,076	10.4%
Non-Personal/Equipment	182,176	117,052	107,052	107,052	(8.5%)
Total	**$ 1,677,488**	**$ 1,454,578**	**$ 1,661,297**	**$ 1,584,128**	**8.9%**
Authorized Positions	**10.15**	**10.40**	**10.40**	**10.40**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. City Manager's Office Employee Total Compensation Reduction		(77,169)	(77,169)
2010-2011 Adopted Core Service Changes Total		**(77,169)**	**(77,169)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Core Service: Manage and Coordinate City-Wide Service Delivery

Core Service Purpose

Provide strategic direction and management for city-wide operations and service delivery.

Key Operational Services:

☐ **Neighborhood Partnerships/ Strong Neighborhoods Initiative**

☐ **Public Policy Implementation**

☐ **Public Education & Community Outreach**

Performance and Resource Overview

The City Manager's Office leads and coordinates city-wide service initiatives, provides support to departments and CSAs in their service delivery, and provides outreach and other services directly in support of all of the City's services. The Office must constantly adapt to changing events, service needs, and City Council priorities. The Office's focus is on helping the City organization align to the right priorities, and provide the support it needs to be successful in meeting those priorities. The Community Satisfaction Survey results reveal that the vast majority of residents (83%) are satisfied with the services provided by the City and overall satisfaction levels are very similar to those seen in previous surveys.

To that end, the City Manager's Office works closely with departments through the CSA framework to look at innovative ways to implement public policy and deliver services with limited resources. Below are some of the many noteworthy accomplishments over the past year that resulted from innovative approaches to doing business:

- Community Prioritization Process and Program Dictionary
- New Economic Strategy
- Envision San José 2040 General Plan Update
- Strong Neighborhoods Initiative
- Open Government/Transparency Reforms
- Green Vision Implementation
- American Recovery and Reinvestment Act

As noted earlier, the Mayor and City Council directed the Administration to include program level information as part of the 2010-2011 budget process to allow a more in-depth review of City services. In response to that direction, the Administration released a 2010-2011 Base Budget Department Program Dictionary. This program-level information served as the starting point for the pilot program prioritization effort. Programs that provide direct service to the community were scored based on their alignment to five public priority results and four basic attributes and were used during the January 2010 Neighborhood Association Meeting.

Core Service: Manage and Coordinate City-Wide Service Delivery

Performance and Resource Overview (Cont'd.)

In February 2010, staff presented the updated Economic Development Strategy in a Council Study Session. In early 2009, the Office of Economic Development initiated an update to the original 2003 Strategy. The Community and Economic Development committee approved the workplan outlining staff's recommended approach at their April 27, 2009 meeting and received a progress report and overview of the Draft Strategy at their December 14 meeting. The Draft Strategy has been available online for review since December 14, and was shared with the Envision 2040 Task Force on January 11, 2010. The process of creating the Economic Strategy involved new research and data analysis, stakeholder outreach (including 14 Focus Groups), and feedback from an Expert Advisory Group that included outside economic experts and major local stakeholder organizations. The Strategy highlighted the forces of change that will impact San José, both economic and demographic and the strategies to address those forces.

Another key initiative the Administration is undertaking is the Envision San José 2040 General Plan, which will be the blueprint for land use development, infrastructure investment, and service delivery in the city. The Citizen Task Force has selected four land use/transportation scenarios for City Council consideration. These scenarios bracket job and housing growth options, and allow the community to refine the land use plan, develop goals and policies, identify implementation actions, and determine performance measures. The Council is expected to consider the adoption of the Plan in June 2011.

Staff continues to build relationships with residents and develop leaders through support of the Strong Neighborhoods Initiative (SNI). In 2010-2011, new service delivery approaches will need to be implemented through a new SNI Business Plan. Staff will be using the Neighborhood Investment Reserve as well as working with the San Jose Redevelopment Agency to strike a balance in order to preserve some staffing level to better develop and implement the new plan.

Additional accomplishments include the following:

- In March 2010, the Council approved the last set of Open Government Reforms from the Sunshine Reform Taskforce. Moving forward, it will be the responsibility of the Administration to ensure that these initiatives are maintained and continue to create new opportunities for public access to information such as development of a stronger Public Records Act Request tracking system, lobbyist reform, campaign finance reform, disclosure of conflicts of interests, revision of the gift ordinance, and other conduct policies.
- The City Manager's Office is leading the substantial city-wide Recovery Act effort, including facilitating interdepartmental coordination, establishing an intranet site for information and resource sharing, and developing a comprehensive website that provides City Council and the public with detailed information on Recovery Act projects and programs. To support the unprecedented reporting requirements of the Recovery Act, staff led an effort to implement a specialized tracking and reporting software system, called Microsoft Stimulus 360, to ensure compliance with all mandated reporting requirements.

Core Service: Manage and Coordinate City-Wide Service Delivery

Performance and Resource Overview (Cont'd.)

- The City Manager's Office is leading the city-wide implementation of the Green Vision, which touches almost every department in the City. The City Manager's Office also led the creation of a City Green Team to increase employee awareness of the Green Vision and to empower employees to make changes in the workplace related to energy, water, waste, and transportation that will advance the Green Vision and result in operational cost savings for the City.
- Affordable Housing was significantly impacted by the credit and equity markets and staff has been working on strategies and approaches to deal with this issue. Despite these challenges, affordable housing activities for 2009-2010 included completing 200 new units, 250 rehabilitation loans/grants, 120 minor repair grants, and 34 rental units through Project Alliance, as well as 249 second mortgage loans to new homebuyers.
- The City developed a financing plan to provide resources to the San Jose Redevelopment Agency (SJRA) to make the Supplemental Educational Revenue Augmentation Fund (SERAF) payment.
- The Administration made progress on various public safety initiatives this past year such as the Use of Force Advisory Group, Consortium for Police Leadership in Equity (CPLE) efforts, the one-year Citizen Complaint Process evaluation, the Downtown Entertainment Zone Working Group as well as strategic input and work on the County's Ambulance 9-1-1 RFP development and response.
- The City Manager's Office launched the Neighborhood Commission and began working closely with this Commission, especially during the January 2010 Neighborhood Association Priority Setting Session in which the commissioners facilitated round table discussions with neighborhood leader participants.

For 2010-2011, a number of budget reductions in the City Manager's Office are included. A senior management position will be held vacant in 2010-2011 which will reduce management oversight and the remaining senior management positions will continue to absorb critical tasks. In addition, a service delivery model change for the Video/Multimedia team that programs *Channel 26 – CivicCenter Television,* is included. This action will eliminate two filled Video/Multimedia Producer positions and provide contractual services funding to continue coverage of City Council, Council Committee, and other public meetings. The ability to produce any in-house video coverage other than meetings will not be supported and programming of digital signage in main City Hall lobbies will also be discontinued.

Core Service: Manage and Coordinate City-Wide Service Delivery

Performance and Resource Overview (Cont'd.)

Manage and Coordinate City-Wide Service Delivery Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
◎ % of core services meeting or exceeding levels established by the City Council	68%	70%	63%	65%
🕐 % of core services meeting or exceeding their cycle time targets	49%	60%	70%	60%
🎗 % of residents that are satisfied or very satisfied with the quality of City services	74%*	78%	78%	78%
🎗 % of residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy and competence of City employees	77%*	83%	83%	83%
🎗 % of residents rating the quality of life in San José as good or excellent	78%*	80%	80%	80%

Changes to Performance Measures from 2009-2010 Adopted Budget: Yes[1]

* Results from the 2009 Community Survey

[1] Changes to Performance Measures from 2009-2010 Adopted Budget:
✕ "% of core services using formal customer feedback mechanisms to make improvements in service delivery" was deleted as the data had limited usefulness. With budget constraints and limited staff capacity, departments have reduced or delayed customer surveys.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of contracts/agreements approved	1,207	1,300	1,100	1,100

Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No

Core Service: Manage and Coordinate City-Wide Service Delivery

Performance and Resource Overview (Cont'd.)

Manage & Coordinate City-Wide Service Delivery Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 5,190,094	$ 4,601,440	$ 4,693,166	$ 3,950,753	(14.1%)
Non-Personal/Equipment	356,305	277,225	301,638	331,638	19.6%
Total	**$ 5,546,399**	**$ 4,878,665**	**$ 4,994,804**	**$ 4,282,391**	**(12.2%)**
Authorized Positions	**45.45**	**42.89**	**33.95**	**32.70**	**(23.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Senior Executive Manager Temporary Vacancy		(301,109)	(240,646)
2. Strong Neighborhoods Initiative Program	(2.00)	(190,500)	(190,500)
3. Video/Multimedia Service Delivery Model Change	(2.00)	(181,330)	(181,330)
4. City Manager's Office Employee Total Compensation Reduction		(139,749)	(139,749)
5. Domestic Violence Prevention Program Funding Reallocation		(63,677)	(63,677)
6. City Manager's Office Non-Personal/Equipment Funding		(40,000)	(40,000)
7. City Manager's Office Administrative Support Staffing	(0.25)	(17,385)	(17,385)
8. SJRA Budget Reduction – Strong Neighborhoods Initiative Program Staffing		0	0
9. Strong Neighborhoods Initiative Staffing Restoration	3.00	221,337	221,337
2010-2011 Adopted Core Service Changes Total	**(1.25)**	**(712,413)**	**(651,950)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

Strategic Support

Strategic Support Purpose

Strategic Support represents services provided within departments that support and guide the provision of the core services.

Key Operational Services:

☐ **Clerical Support**

☐ **Financial Management**

Performance and Resource Overview

The strategic support functions of the Office are essential to the successful provision of the other core services in the City Manager's Office. Duties that fall within Strategic Support include supporting the Administration, coordinating city-wide special projects, and managing the accounts payable and receivable as well as contract management.

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 110,898	$ 369,127	$ 356,532	$ 356,532	(3.4%)
Non-Personal/Equipment	32,239	182,844	176,344	33,205	(81.8%)
Total	**$ 143,137**	**$ 551,971**	**$ 532,876**	**$ 389,737**	**(29.4%)**
Authorized Positions	**2.00**	**2.00**	**2.00**	**2.00**	**0.0%**

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* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support

Strategic Support Budget Changes**

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Strong Neighborhoods Initiative Program		(143,139)	(143,139)
2010-2011 Adopted Strategic Support Changes Total		**(143,139)**	**(143,139)**

** Detailed information regarding these budget changes can be found in the City Departments section of this document.

2010-2011

OPERATING BUDGET

STRATEGIC SUPPORT CSA

CITY-WIDE

City-Wide Expenses

Overview

The Strategic Support Program includes funding to design, build, and maintain City facilities, manage the City's financial and technology systems, and ensure the City has qualified, well-trained employees to deliver quality services.

Budget Summary

City-Wide Expenses Resource Summary*	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Strategic Support	$ 48,631,981	$ 43,201,632	$ 27,277,844	$ 42,250,282	(2.2%)
Total	**$ 48,631,981**	**$ 43,201,632**	**$ 27,277,844**	**$ 42,250,282**	**(2.2%)**
Authorized Positions	**0.00**	**0.00**	**0.00**	**0.00**	**0.0%**

* For a complete listing of allocations for the Strategic Support Program, please refer to the City-Wide Expenses section of this document.

Budget Changes By Program**

Adopted Program Changes	Positions	General Fund ($)
1. Annual, Bond, and Grant Compliance Audit Funding		(63,800)
2. Annual City of San José Volunteer Celebration		(10,000)
3. City Dues/Membership		(27,000)
4. City Outreach and Education Efforts		(50,000)
5. City-wide Training		(150,000)
6. Council Member Transition Funds		(25,000)
7. Deferred City Facilities Security and Maintenance		239,000
8. Employee and Community Performance Surveys		(55,000)
9. Employee Recognition Program		(25,000)
10. False Claims Act Litigation Settlement		219,165

Budget Changes By Program** (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
11. Management and Continuous Improvement Training		(210,000)
12. San José Sports Hall of Fame Plaques		(30,000)
13. Sick Leave Payments Upon Retirement		1,082,000
14. State of the City Convocation		(30,000)
15. Workers' Compensation Claims – General Services and Other Departments		(190,000)
16. Miscellaneous Rebudgets		14,298,073
2010-2011 Adopted Program Changes Total	**0.00**	**14,972,438**

** Detailed information regarding these budget changes can be found in the City-Wide – City-Wide Expenses section of this document.

Strategic Support

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves *Strategic Support CSA* Resource Summary*	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Capital Contributions	$ 5,707,272	$ 15,833,060	$ 2,423,000	$ 4,283,000	(72.9%)
Transfers to Other Funds	23,456,017	17,608,993	19,387,683	19,094,396	8.4%
Earmarked Reserves	N/A	29,048,936	4,603,856	36,879,794	27.0%
Contingency Reserve	N/A	30,715,711	29,309,000	29,309,000	(4.6%)
Total	**$ 29,163,289**	**$ 93,206,700**	**$ 55,723,539**	**$ 89,566,190**	**(3.9%)**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

* For a complete listing of allocations for the Capital Contributions, Transfers to Other Funds, and Earmarked Reserves Programs for the Strategic Support CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

Budget Changes By Program**

Adopted Program Changes	Positions	General Fund ($)
1. Capital Contributions: Central Service Yard-Phase I Debt Service Payments		(1,000,000)
2. Capital Contributions: Closed Landfill Compliance (Methane Monitoring)		(300,000)
3. Capital Contributions: Fuel Tank Monitoring		(50,000)
4. Capital Contributions: Rebudget of 2009-2010 Projects		3,210,000
5. Transfers to Other Funds: Vehicle Replacement/ General Fleet		(800,000)
6. Transfers to Other Funds: City Hall Debt Service Payment		106,713
7. Transfers to Other Funds: Rebudget – Vehicle Replacement/ General Fleet		400,000
8. Earmarked Reserves: Computer and Equipment Reserves Elimination		(350,000)
9. Earmarked Reserves: Unemployment Insurance		7,375,000

General Fund Capital, Transfers, and Reserves

Budget Changes By Program** (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
10. Earmarked Reserves: Retiree Healthcare (International Association of Fire Fighters)		726,794
11. Earmarked Reserves: Rebudgets		24,084,144
12. Earmarked Reserves: Concessions		440,000
2010-2011 Adopted Program Changes Total	**0.00**	**33,842,651**

** Detailed information regarding these budget changes can be found in the City-Wide – General Fund Capital, Transfers, and Reserves section of this document.